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ESTABLISHED 1887

Marcos in Trouble, Insurgents Gaining, U.S. Analysts Say

By Leslie H. Gelb
New York Times Service

WASHINGTON — Reagan administration and Senate staff analysts have concluded that the Philippine government of President Ferdinand E. Marcos is in serious political trouble and may not survive.

The analysts have also found that Communist rebel forces are growing in strength throughout the country.

According to a Senate staff report made public Saturday, "many Filipinos" see it as "a foregone conclusion that the Marcos era is in its terminal stage."

To the Senate staff analysts, the widespread view in the Philippines is that "if Marcos and his group cling to the reins of government by force of arms, there will be a vastly reduced chance for the restoration of democracy in the country."

Carl W. Ford and Frederick Z. Brown, who wrote the analysis based on two recent visits to the Philippines over a 19-day period, did not find the Marcos regime "to be in physical jeopardy in the short term, one or two years." But they said they had found the political, economic and security problems facing the nation to be "fundamental."

State Department and Pentagon officials who monitor developments in Asia were said to share this general assessment and particularly the judgment of the growing power of the Communist-led insurgency.

In reaction to alarming reports this summer from the U.S. Embassy in Manila, administration officials said, the State Department in August organized a special interdepartmental group on the Philippines that has been meeting at least once a week since then.

This group was said to have prepared a 60-page paper similar in analysis to the Senate report but going beyond that report in making recommendations for urgent action by the U.S. government, including increased economic and military aid. The officials would not provide specifics.

The same officials said that there was increasing sentiment among administration experts that the Philippines would be better off if Marcos relinquished power.

At the same time, the expert view within the administration remains that the United States should do nothing to precipitate Marcos's removal, they said.

The Senate report described the leadership in the Philippines as "virtually bankrupt," in terms of public confidence, and said Filipinos doubted that the Marcos government "understands fully or can cope effectively with the Communist threat."

The report also made the following points:

- "Most disturbing is the fact that the insurgency—the rationale for imposing martial law 14 years ago—is stronger today than ever before."
- The assassination last year of Benigno S. Aquino Jr., the opposition leader, was "a potent blow to the Marcos regime's credibility" and "changed the political scene fundamentally."
- The insurgent front, "which is heavily influenced by the Communist Party," also contains non-Communists, and the "moderate oppositionists who hope to stay within the democratic system are increasingly caught in the middle."
- "There is widespread resentment of corruption, cronyism and economic inequality."

Based on their interviews, the Senate staff analysts concluded that the insurgents, barring a total collapse of the Marcos government, did "not appear ready to mount a sustained nationwide offensive." They estimated the insurgents' armed strength at 12,500 "countrywide and growing."

The Senate report said that there was still a strong feeling among Filipinos that democracy could and should be made to work.

■ **16 Killed in Gunbattle**

Sixteen people, including a constabulary company commander, were killed Friday in a 30-minute gunbattle between government forces and Communist guerrillas in southern Surigao del Sur province, the military said Sunday.



South Korean workers remove rice bags from North Korean trucks near Panmunjom.

North Korea Delivers Aid to South Acceptance of Goods Signals Hope for a Dialogue

By John Burgess
Washington Post Service

SEOUL — About 725 North Korean trucks rolled into South Korean territory Saturday, making a historic delivery of rice, cloth and medicine to the South Korean Red Cross.

It was the first time since before the Korean War began in 1950 that goods moved freely across the demarcation line that separates the two hostile Korean states.

The aid is destined to relieve victims of the floods that struck South Korea this month. The South says it does not need the aid, however, and has accepted it to foster dialogue with the North.

The exchange marked the first contacts between the North and South Korean Red Cross societies since 1977. Their two governments have no relations, but the exchange could not have taken place without governmental sanction.

The possibility that meetings might continue after the delivery was raised Saturday when the chief delegate of the South Korean Red Cross, Cho Shul Ha, invited his counterpart from the North, Baek Nam Jun, to Seoul to meet the president of the South's Red Cross.

Escorted by South Korean police cars, the trucks moved in groups of 15 or 20 along two miles (3.2 kilometers) of South Korean roads to six unloading sites.

Altogether, 830 North Koreans entered southern territory at the exchange point, near the town of Panmunjom. Their delegation leaders sipped soft drinks, gave interviews and smiled at their counterparts from the South.

A similar number of trucks was scheduled to make a second delivery Sunday near Panmunjom. [Another part of the North Korean relief effort, four ships carrying cement, were led Sunday into the South Korean port of Inchon and began to unload their cargo, Reuters reported.]

Pyongyang has promised to send about 90,000 tons of cement and four more ships were awaited at Pukpyong on the east coast. One of the Inchon vessels, however, was reported grounded in North Korean waters Saturday and unable to make the delivery.

The deliveries followed two weeks of discussions between North and South. They initially deadlocked after the South refused the North's condition that the trucks go directly to Seoul, 25 miles inside South Korea. The North later agreed to drop the goods near Panmunjom.

The first Red Cross (R.C.) trucks from the two sides met to discuss final preparations for the exchange, at a point where the demarcation line, which bisects the 2.5-mile-wide Demilitarized Zone, crosses a road near Panmunjom.

Later, they met in a building just on the South Korean side. "How long has it been since we last met?" asked Mr. Baek.

"About 12 years," replied Mr. Cho, referring to a negotiating session between the two Red Cross societies in 1972. Those discussions, aimed at opening humanitarian contacts such as mail service and reunification of families, continued for five years before ending in failure.

The two men then went to the unloading stations at Freetown Village, a community of 235 people on the South Korean side.

The North Korean truck drivers, in blue work suits, sat silently in the cabs as South Korean laborers lifted the 120-pound (50-kilogram) bags of rice onto conveyor belts and stacked them in the open air.

South Korean Red Cross officials said the rice would be distributed to flood victims and the medicine used at 13 hospitals. No decision had been made on using the cement, they said, as the South had never before received it as a relief commodity.

Reagan Vows 'Fair Deal' If Russians Seek Peace

By Don Oberdorfer
Washington Post Service

WASHINGTON — President Ronald Reagan has promised the Soviet Union "a fair deal" if it seeks negotiations and peace.

Mr. Reagan's statement came Saturday in his weekly paid radio address while Foreign Minister Andrei A. Gromyko was conferring with Secretary of State George F. Shultz, ending his meetings with U.S. officials.

Afterward, Mr. Gromyko avoided comment and left for Moscow. Mr. Shultz said that their "substantive discussion" had produced agreement to keep in touch "not casually but carefully through diplomatic channels."

Tass, in a generally positive report on Saturday's session, said the two sides had agreed that their representatives would meet in the future to discuss regional and other issues as needed.

There was no assertion by White House or State Department officials that Mr. Gromyko's visit Friday with Mr. Reagan or his meetings Wednesday and Saturday with Mr. Shultz had brought a breakthrough in the issues that were discussed.

Officials said they did not anticipate early word from Moscow about resuming the suspended nuclear-arms-control negotiations or beginning talks on weapons in space.

Mr. Reagan, in his radio address, said he and Mr. Gromyko "didn't seek to gloss over the hard issues that divide our two countries." He added, "I made plain to Mr. Gromyko what it is about Soviet behavior that worries us and our allies."

The president went on to describe his first discussions with a senior Soviet leader as "useful talks."

He said, "I made it clear that we Americans have no hostile intentions toward his country and that we're not seeking military superiority toward the U.S.S.R.," as Mr. Gromyko had said Thursday in his address to the United Nations.

"I told him, 'If your government wants peace, then there will be peace,'" Mr. Reagan said.

The president concluded by saying that the Russian diplomats (Continued on Page 2, Col. 2)



Andrei Gromyko and his wife, Lydia, boarding his special Aeroflot plane at Andrews Air Force Base, Maryland.

Reagan-Gromyko Talks: Little More Than Contact

By Don Oberdorfer
Washington Post Service

WASHINGTON — The meeting between President Ronald Reagan and the Soviet foreign minister, Andrei A. Gromyko, seems to have left U.S.-Soviet relations just about where they were before Mr. Gromyko came: mired in conflict and distrust.

The statements by both sides after the three-and-a-half-hour visit, and especially the blunt and combative statement issued Friday by Mr. Gromyko, suggested that Mr. Reagan's first business session with a top-ranking Soviet official had done nothing to narrow the gulf between the two superpowers.

The main diplomatic benefit of the meeting was to make contact at the top level after 44 months of Reagan administration, and to permit the president and a member of the Soviet Politburo the chance to size each other up.

This could turn out to be helpful or harmful, depending on the im-

pressions left on the two men and the attitudes they engender here and in the Kremlin. But it would have been unrealistic to expect the meeting to bring a breakthrough.

Mr. Reagan's new posture toward the Russians may have benefited him politically, if only because he showed the U.S. public that he was trying to solve the dangerous impasse between Washington and Moscow.

Mr. Gromyko's statement, however, deflated administration efforts to depict the meeting as a serious step toward peace. It seemed to have been written and released with the U.S. political situation in mind.

In view of the potential political benefit to Mr. Reagan, who has provoked extreme antipathy in the Kremlin, the surprising thing to many was that Mr. Gromyko decided to meet him in the first place.

Mr. Gromyko, in a discussion Thursday with Walter F. Mondale, the Democratic presidential nominee, said he had been invited to the White House many times by U.S. (Continued on Page 2, Col. 2)

Europeans Pledge Aid For Central America

By Edward Cody
Washington Post Service

SAN JOSE, Costa Rica — Western European nations have pledged to increase their political commitment and economic support for Central America, ignoring a U.S. suggestion that Nicaragua be excluded.

The 10 foreign ministers of the European Community, joined by Spain and Portugal, made the promises of greater involvement at the conclusion of a two-day conference here with their

Central American counterparts, including Miguel d'Escoto Brockmann of Nicaragua.

A communiqué said: "With this conference, the participating countries inaugurated a new structure for political and economic dialogue between Europe and Central America, convinced that this dialogue, and increased practical cooperation that it will generate, will reinforce the efforts of Central American countries to put an end to violence and instability."

Sir Geoffrey Howe, the British foreign secretary, said the gathering was envisaged from the beginning as a region-to-region effort. This meant that it was out of the question to exclude Nicaragua.

Sir Geoffrey added that U.S. suggestions to exclude Nicaragua, made in a letter to European ministers from Secretary of State George F. Shultz, were nothing more than normal expressions of views between allied governments.

France's foreign minister, Claude Cheysson, said that the ministers never considered leaving Nicaragua out of its decisions or excluding it from aid increases. Mr. Cheysson suggested that President Ronald Reagan had no role to play in these considerations.

"Where does Mr. Reagan come in here?" he said. "As far as I know, he is not a member of the European Community. As far as I know he does not belong to a Central American country, and he definitely has nothing to do with Contadora."

The so-called Contadora group includes Mexico, Venezuela, Co-



Miguel d'Escoto Brockmann

(Continued on Page 2, Col. 5)

Basque, Said to Be a Leader of ETA, Held by France After Hiding 3 Years

BIARRITZ, France — French police have arrested a suspected leader of the Spanish Basque separatist organization ETA, who has been in hiding for three years.

Police said that Tomas Linaza Echevarria, 28, who is wanted in Spain in connection with several killings, was carrying a 9mm pistol when he was arrested Saturday. He had been detained for a vehicle check in Biarritz in the French Basque region. He is to appear in court in Bayonne on Monday.

A French court granted a Spanish extradition request against him in 1981, but the French government decided instead to move him to an assigned residence at Biarritz, in central France. He disappeared shortly afterward.

Wednesday, in a major shift of government policy, France extradited to Spain three Basques suspected of being members of ETA, the acronym of Basque Homeland and Liberty in the Basque language. They are to face murder charges there. The move set off anti-French violence in the Spanish Basque country.

In Madrid, the official news agency EFE quoted Interior Ministry sources as saying Spain would renew a 1983 request for the extradition of Mr. Linaza.

Before last week's extradition, France had resisted Spanish pressure to return Basque separatists, considering those who took shelter across the border to be political refugees.

The Spanish news agency, quoting official French sources, said another man and a woman were arrested by Biarritz police with Mr. Linaza.

The news agency said Mr. Linaza would be charged with illegal possession of arms and violation of a 1981 confinement order.

Mr. Linaza is wanted by Madrid in connection with the murder of a municipal official, a bomb attack on a nuclear power station and an machinegun ambush in which six civil guards and two separatist guerrillas were killed.

Irish Navy Seizes Trawler and Arms Authorities Say Were Paid for in U.S.

United Press International

DUBLIN — The Irish Navy has seized a trawler off the Irish coast that the authorities say was carrying more than seven tons of weapons paid for by Americans and bound for the Irish Republican Army.

Police called it the largest such confiscation of arms in more than a decade.

Five men aboard the 50-foot (15-meter) trawler were arrested Saturday. Police said two of the men were "well-known IRA men" and identified another as the trawler's owner, Michael Brown.

[Reuters reported that one of those arrested on board was Joe Cahill, a former IRA chief in Belfast. Mr. Cahill is now active in Sinn Féin, the IRA's political wing, which is a legal organization.]

Police said three men were arrested in County Kerry and another three in County Kerry in connection with the arms seizure.

Prime Minister Garret FitzGerald described the arms seizure as "significant" and criticized U.S. support of the IRA.

"These are arms that were being brought to this country to murder Irish people, North or South," he said.

"We know that significant funds are being raised in the United States from people who fail to comprehend the situation in Ireland," he said. "They don't seem to realize they are giving funds to supply arms to kill Irish people."

Police said two Irish Navy corvettes intercepted the Marita Anne trawler near the Skelligs rocks off

southwestern Ireland, firing four tracer bullets over its bow when it failed to obey an order to stop.

Police originally identified the trawler as the Marita Anne, but later said it was the Marita Anne, based at the fishing village of Fenit in Kerry county on the southwest tip of Ireland.

In Dublin, police said the shipment, including submachine guns, rifles, pistols, shotguns, grenades, ammunition and explosives, had been loaded onto the Marita Anne from an American cargo vessel in international waters in the Atlantic.

They said it was the largest arms haul since March 1973, when the Irish government seized a shipment of arms aboard the 298-ton Cypriot-registered coaster The Claudia, carrying 250 rifles, 240 small arms, anti-tank mines and explosives destined for the IRA.

The IRA is fighting to drive the British from Northern Ireland and unite the northern province of Ulster with the Irish republic.

The trawler arrived at the Haulbowline naval base in Cork under tow from one of the escorting corvettes after its engines failed at sea. The five detainees were brought ashore guarded by police officers.

The men were to be questioned and the boat examined by explosives experts.

Police said U.S. security forces were involved in the seizure, but did not elaborate on what role the Americans had played.

Police launched a hunt around Kerry, involving hundreds of armed police and troops, for other IRA members who they believe were hiding out in the area waiting for the arms.

"This was a major coup for the security forces and a severe body blow to the IRA's operations," a government source said. "It's also a major blow against the IRA's American-based support groups."

Noraid, a New York-based organization that raises funds for Irish causes, has been accused by the U.S. and British governments of channeling funds to the IRA. The group denies the allegations.

■ **Minister Says Americans Paid**

American sympathizers of the IRA paid for the confiscated arms, Justice Minister Michael Noonan said Sunday, The Associated Press reported from Dublin.

An early assessment of the cache found on the Marita Anne included rockets, Korean-manufactured hand grenades, at least 100 West German-made semi-automatic rifles, submachine guns, at least 30 hand guns, shotguns, and a large assortment of ammunition, he said.

Mr. Noonan said at a news conference the Irish government was concerned about the inclusion of hand grenades in the consignment. "I cannot remember an occasion when the IRA used hand grenades," he said.

The IRA claimed responsibility Sunday for a bomb explosion in south Armagh that damaged a bridge and disrupted train service between Belfast and Dublin. A Belfast police spokesman said there were no trains in the vicinity and no injuries.

INSIDE

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EC Ministers Meet Today on Budgetary Clashes Threatening June Accords

By Axel Krause
International Herald Tribune

LUXEMBOURG — Ministers of the 10 European Community governments begin talks Monday over budgetary disputes that threaten several of the agreements reached at the June summit meeting of EC leaders in Fontainebleau, France.

If the ministers fail to adopt a supplementary budget for 1984, one of the major items on the agenda, the community will also run out of funds for EC programs, especially farm subsidies, in several weeks.

The failure to keep the programs going could also block adoption of the draft budget for 1985, which must be submitted to the European Parliament by Friday.

Both budgets are threatened, however, by the Parliament's opposition to giving EC finance ministers expanded power over community expenditures. This proposal was endorsed by EC leaders at the Fontainebleau summit conference.

The Parliament warned EC ministers Thursday that it would block both budget requests on the ground that any attempt by the finance ministers to establish annual spending guidelines would impinge on the Parliament's powers.

In addition, Gaston Thorn, outgoing president of the EC Commission, said that the commission shared the Parliament's opposition to expanding the finance ministers' powers because such a move would violate the commission's authority as well.

Mr. Thorn added that the Luxembourg talks would be "very difficult."

The finance and agriculture ministers will meet in two groups Monday to seek agreement on the 1984 and 1985 budgets and on limiting the community's farm spending.

They will also attempt to agree on guidelines for future budgets to avoid growing deficits. The deficit for 1985 is projected at more than 2 billion European Currency Units (\$1.5 billion).

The recommendations of the finance and agricultural ministers will be considered Tuesday by the foreign ministers.

The Luxembourg meeting will also take up the terms of entry into the community of Spain and Portugal, which is scheduled to take place on Jan. 1, 1986.

Under an agreement reached at Fontainebleau, those talks were to have been completed by Sept. 30, but they are now to be completed at this week's meeting.

Finance and foreign ministers of Spain and Portugal are to meet with the EC foreign ministers Wednesday to complete the membership negotiations.

Other agreements reached at Fontainebleau could also be affected by the budget disputes.

For example, the EC leaders agreed at the June 25-26 summit to reduce Britain's contribution to the budget for the next three years and to pay it rebates on its budget contributions dating from 1983. This rebate could be blocked.

They also agreed to expand the EC's financial resources starting Jan. 1, 1986, and to cut back on farm spending and production of heavily subsidized commodities, notably milk, which is the largest item in the EC's farm budget. Farm spending, projected at a record 16.5 billion ECUs this year, is expected to rise to well over 18 billion ECUs next year. Unless checked, it will account for about 60 percent of total EC spending.

However, uncertainties emerged shortly after EC leaders returned to their capitals in June, and many elements of the Fontainebleau compromise agreements were challenged. The agreements also came under attack during ministerial meetings in Brussels and in Ireland during July and September.

There was some confusion after Fontainebleau, since what we had was a global agreement — important but not completed," a senior British diplomatic official said. He said the goal of the Luxembourg meeting would be to convert the

Fontainebleau agreements into "real, binding decisions and effective management arrangements."

Among the disputes facing the ministers in Luxembourg are these:

- Britain has said it will block the 1984 supplementary budget, totaling about 1 billion ECU, and the 1985 draft budget of 28.1 billion ECU until agreement is reached on financial guidelines for future budgets. It has also insisted that the Fontainebleau agreement to expand the community's financial resources in 1986 be carried out next year to provide funds for its rebates.
- West Germany, backed by the Netherlands, has said that it will not accept Britain's demand, because the date for starting a new revenue-raising plan was designed to coincide with the entry of Spain

and Portugal. The plan would increase EC receipts from value-added tax in member countries to 1.4 percent from 1 percent, starting in 1986.

• France and Italy have clashed over an agreement reached at Fontainebleau to extend cutbacks in farm output to other commodities, particularly wine. French officials, with backing from the EC Commission, emphasized that agreement by the EC farm ministers to reduce wine production would be crucial in the negotiations with Spain on Wednesday.

Commenting on the outlook for the Luxembourg meeting, a close diplomatic adviser to President François Mitterrand of France said: "We hope for the best, we expect the worst, but remain confident that agreements will emerge."

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CLASSIFIED

Sudan Ends State of Emergency, Suspends Islamic Law Courts

By David B. Ottaway
Washington Post Service
CAIRO — President Gaafar Nimeiri of Sudan has announced he is ending the state of emergency he imposed last April and suspending the special courts he had set up to oversee the application of Islamic law.

It was the second conciliatory move he has made in a week in the face of growing opposition to his government from a range of Sudanese factions, particularly the Christian minority that has started a revolt in the south.

News agency and radio reports from Sudan said General Nimeiri, during a speech Saturday, declared the nation "freed of corruption and immorality." He said the "decisive justice courts," which have ordered the amputation of limbs of 58 convicted thieves, would be closed. He also promised he would institute "radical changes" in the judicial system soon.

The announcement was apparently aimed at appeasing Sudan's restive Christian minority as well as Western aid donors, led by the United States, which have denounced the application of Islamic law, particularly against Christians.

The special courts were established after the declaration of the state of emergency April 29. At least 12 "cross-amputations" of the right hand and left foot have been carried out on 58 convicted thieves condemned under Islamic law. Several of them have been Christians living in Khartoum, the capital.

In June, the State Department denounced the amputations as a "form of cruel and unusual punishment." A week ago, General Nimeiri announced that he was also canceling this plan and would agree to keep the south as one autonomous region, if that were the will of the people there.

General Nimeiri's latest conciliatory gesture left unclear the future status of Islamic law in the country. This apparently will not be decided until the "radical changes" he promised in the judiciary system are determined.

The announcement came in a speech to the leadership of the ruling Sudanese Socialist Union and at the end of celebrations marking the first anniversary of General Nimeiri's decision to introduce Islamic law as the basis of all justice and constitutional law in Sudan.

U.K. Strike Ruled Illegal Because of Lack of Poll

By Barnaby J. Feder
New York Times Service
LONDON — A High Court judge has ruled that a six-month strike by British coal miners is illegal because the miners' union did not hold a national ballot of its members.

The decision Friday was one of several developments that could change the course of the strike. As the court held its hearing, leaders of the union of power plant workers, meeting in London, failed to agree on coordinated backing for the miners.

But in the Yorkshire mining town of Doncaster, the mine foremen's union authorized a strike that could halt production at the mines that are still operating.

Miners went on strike March 12 to protest the state-owned National Coal Board's plans to close 20 of 174 coal mines and lay off 20,000 of the 180,000 miners. The strike has shut about two-thirds of the mines.

In a ruling Friday in London, a High Court judge, Sir Donald Nicholls, accused leaders of the National Union of Mineworkers of "riding roughshod" over the union's members and of failing to observe the union's rules.

He denied a request to order a national ballot, ruling that the issue would have to be decided at a full trial. The judge also ruled that disciplinary action could not be taken by the union against miners who sought to defy the strike in Derbyshire or Yorkshire.

Union officials, who did not appear in court, called the ruling "political" and "nonsensical." They have said a national ballot is not needed because miners have been "called on" to strike, not ordered to, and because the miners voted in 1981 to allow their leaders to call a strike on the issue of pit closings.

The coal board got additional good news on Friday when leaders of nine power plant unions said they were unable to agree on a response to the National Union of Mineworkers' request that they refuse to handle coal, or oil used in place of coal, to generate electricity.

This dashed the striking miners' hopes for a wave of blackouts that would increase pressure on the coal board.

However, the strikers were encouraged by the confirmation that the mine foremen's union had voted overwhelmingly to strike unless the coal board makes concessions on the treatment of foremen members and changes its consultation procedures on pit closings.

A strike by the foremen would force the closing of working pits whose output is vital to get Britain through the winter without major power cuts.

The coal board and the foremen have been expected to reach an agreement. But the 4-1 margin of the vote caused speculation that the foremen's leaders might undertake a strike in the hope of forcing concessions that could end the underlying dispute with the miners.

Rebuttal for Kinnoch

Neil Kinnoch, leader of the opposition Labor Party, suffered a humiliating blow Sunday on the eve of the party's annual convention as coal miners forced a debate on police "violence" in the strike, United Press International reported.

Labor's National Executive Committee endorsed a call by the 183,000-member National Union of Mineworkers for the debate against the wishes of Mr. Kinnoch, who had hoped to improve the party's electoral chances by softening the issue of picket-line violence.



PARTISAN PROTEST — Anti-Soviet demonstrators marched in Lafayette Park, across from the White House, while President Ronald Reagan met inside with the Soviet foreign minister, Andrei A. Gromyko, in his first talks with a top Soviet leader.

Reagan Promises Russians Fair Deal If They Seek Negotiations and Peace

(Continued from Page 1)

They were returning home to "ponder our exchanges" with the knowledge that, while inflexibility will not gain advantages for them, "they will get a fair deal if they seek the path of negotiation and peace."

A White House official said the Soviet visitors "didn't come with new ideas." He said the substance of Mr. Gromyko's private discussions with the president as well as his tone was as unyielding as the veteran Soviet minister's address to

the United Nations and his report Friday through Tass that he had detected "no visible signs" of realistic U.S. positions in his meeting with Mr. Reagan.

After all that Mr. Gromyko had said in the meeting with Mr. Reagan, the White House official suggested, holding a follow-up meeting Saturday was a sign of perseverance on both sides.

"We might not have wanted to meet again" after some of the

things that were said Friday, he said.

According to the White House account of the Reagan-Gromyko meeting, the president said the United States was prepared to take flexible positions if the Russians returned to the negotiations on reduction of strategic nuclear arms and began new discussions centering on prevention of weapons in space.

Officials said that, as examples, Mr. Reagan cited U.S. willingness to contemplate "trade-offs" between various types of nuclear weapons in resumed strategic arms reduction talks and possible U.S. agreement to "restraints" on anti-satellite testing if space talks went forward.

Tass Reports Accord

Dasha Doder of The Washington Post reported from Moscow: Tass said Saturday that Mr. Gromyko and Mr. Shultz had reached agreement on future discussions between the two governments on major bilateral and international issues. The press agency made no mention of divisive issues between the two nations.

The tone and content of the brief dispatch did not include any criticism of the American positions, as was the case earlier last week.

Tass said that Mr. Gromyko and Mr. Shultz had also exchanged opinions "about the situation in some parts of the world, including Europe, the Middle East and the Far East."

The two men, Tass said, "agreed to have in the future, if need be, by agreement, meetings of representatives of the sides to discuss further these and, perhaps, some other problems."

Gromyko in Moscow

Mr. Gromyko returned Sunday to Moscow, according to Tass, United Press International reported.

Tomb of Former Dictator Is Broken Into in Miami

MIAMI — The tomb of the Nicaraguan's former dictator, Anastasio Somoza, was broken into at a cemetery here, but his remains were not touched, police said. Somoza was removed from power by the Sandinistas in 1979 and assassinated in Paraguay in 1980.

Kenneth Underwood, a spokesman for the Miami police, said Saturday that Somoza's coffin was removed from its crypt at Woodlawn North cemetery and put on the floor in an apparent attempt to open it. But the grave robbers eventually gave up and nothing was taken, Mr. Underwood said.

U.S. Reportedly Seeks Rejection of Latin Pact

By Robert J. McCartney
Washington Post Service

MEXICO CITY — The United States is urging its allies in Central America to reject a regional peace treaty as it now stands, leading some governments in the area to doubt that a negotiated settlement is possible there, diplomatic sources say.

President Ronald Reagan's special envoy for Central America, Harry W. Shulz, and other U.S. diplomats have been quietly pressing El Salvador, Honduras and Costa Rica to demand changes in a comprehensive treaty proposed last month by the Contadora group, according to officials.

The Contadora group includes Mexico, Colombia, Panama and Venezuela. The U.S. effort already appears to have borne fruit. In the past week, El Salvador, Honduras and Costa Rica have backed off from unofficial expressions of support for the treaty.

It would set limits on arms purchases and the size of armies and restrict military activity by countries outside the region.

Diplomatic sources predict that the three U.S. allies either will seek revisions before signing the pact or they will sign it while expressing major reservations that would render it ineffective.

In particular, the U.S. allies are expected to seek tougher enforcement provisions to guarantee that the leftist government in Nicaragua curbs its military buildup and halts support for guerrillas in El Salvador, diplomats said.

For its part, the Nicaraguan government says that it has no guarantees that the U.S. allies will respect their pledges to stop attacks on it by Nicaraguan insurgents from inside their borders.

Nicaragua announced last week that it accepted the treaty as necessary to end the conflict. The move surprised U.S. diplomats, who had been saying for months that Washington backed the Contadora effort but that Nicaragua was blocking a settlement.

"Up until a week ago everybody was saying that Nicaragua wouldn't buy it," said a diplomat from a non-Latin American country allied with the United States. "When Nicaragua did buy it, the United States wasn't quite sure where to go."

Europeans Pledge Aid For Central America

(Continued from Page 1)

lombia and Panama and has tried to negotiate a solution to the region's political problems.

The text of Mr. Shultz's letter was leaked by French diplomats Friday night.

In the letter, Mr. Shultz expressed support for the idea of increased European concern for the depressed Central American economies. He went on: "We strongly urge, however, that such regional assistance does not lead to increased economic aid or any political support for the Sandinistas."

The ministers agreed only on the principle of increasing aid from the European Community for development projects channeled through the Central American Bank for Economic Integration, without specifying how much.

European officials said an increase of about \$15 million over the current \$30 million level was likely.

As is the case with the current aid, the diplomats added, new aid would be available only for specific development projects rather than for general budget use or to service foreign debts.

The Western Europeans also expressed support for the Contadora group, which has produced a draft treaty designed to guarantee democratic rule in the region.

Nicaragua has expressed willingness to sign the treaty as it stands, provided that the United States signs an accompanying document pledging to respect its provisions.

Several Central American leaders, while endorsing the draft, have questioned whether the treaty's provisions for policing arms limits and making democratic guarantees are sufficient.

In an allusion to these concerns about the treaty, the San Jose communiqué said that the ministers "agreed on the necessity to achieve a practical compromise for fulfillment of the accord by all states in the region and by all other countries with interest in the area, as well as in the necessity of verification and control of this fulfillment."

[Mr. Cheysson said France was also prepared to sign an annex to the Contadora treaty committing signatories to cooperate with Central American countries in efforts to achieve the pact's final aims, Reuters reported.]

[He said five other European countries also wanted to sign the protocol. Delegates listed these as Greece, Belgium, Denmark, Spain and Portugal.]

The presence of the Europeans here was designed in part to provide an alternative to U.S. predominance in Central America, according to a European diplomat. He said Nicaraguan officials seeking to make Sandinist rule more democratic should be able to cite foreign support for their views without having to associate them with the United States and its history of intervention in the region.

The expression of support for Contadora and the increase in aid were designed to make this possible for European governments, he added.

WORLD BRIEFS

Soviet Deploys New Missiles in Europe

BONN (Reuters) — The Soviet Union has deployed 100 new SS-20 medium-range nuclear missiles in East Germany and Czechoslovakia for the first time, a spokesman for Chancellor Helmut Kohl's parliamentary coalition said Sunday.

Jürgen Todenhöfer, arms policy spokesman for the union of Christian Democratic, Free Democratic and Christian Social Union members of the Bundestag, said the missiles were moved in the past three weeks from western areas of the Soviet Union. "They are highly mobile and their range of 900 kilometers [560 miles] allows them to hit targets in West Germany, France and Britain," he said in a statement.

Moscow had threatened to deploy the missiles in response to deployment of new U.S. medium-range missiles in West Germany, which began last fall. But Mr. Todenhöfer said deployment of the SS-20s had been planned since the mid-1970s. He gave no source for his information.

Mr. Todenhöfer also said the Soviet Union had deployed 50 SS-22 launchers, each with two missiles, and would eventually deploy 108 missiles. He described the move as an unacceptable bid to negotiate the removal of U.S. Pershing-2s, while maintaining a monopoly of other medium-range missiles.

Early Meeting of Soviet Party Seen

MOSCOW (Reuters) — The Soviet Communist Party's Central Committee is to hold an unusually early plenum in October at which some changes in the Kremlin's leadership may be announced, Soviet sources say.

The sources said Saturday that the plenum would be held "within the next two weeks" and would be followed by a full session of the Supreme Soviet, which might also ratify changes in the government led by Nikolai A. Tikhonov, the chairman of the Council of Ministers. Both gatherings are normally held in November.

Officials at the Supreme Soviet, the nominal parliament, confirmed that a session was planned for the beginning of October but refused to give a date or details of the agenda. News of the two sessions appeared likely to increase speculation in Moscow that President Konstantin U. Chernenko, 73, may consider stepping down.

107 Sentenced in Egyptian Uprising

CAIRO (WP) — An Egyptian court on Sunday sentenced 107 Islamic extremists to terms ranging from two to 25 years of hard labor in prison for their part in an armed uprising in Upper Egypt at the time of President Anwar Sadat's assassination in October 1981.

The special three-man security court acquitted 174 others in a trial that lasted 22 months and involved 302 Islamic fundamentalists. It was the largest trial of Moslem extremists anywhere in the Middle East since the onset of the resurgence of fundamentalism a decade ago.

The court's sentences were considered lenient because the accused were charged by the state prosecutor with attempting to overthrow the government and establish an Iranian-style Islamic republic after Mr. Sadat's death. In Egypt, both charges are punishable by death, and the prosecutor had asked that 57 of the defendants be condemned to death.

Peres Halts Plan to Shut Press Service

JERUSALEM (WP) — Prime Minister Shimon Peres of Israel has ordered a halt to an attempt to close an East Jerusalem Arab press agency and weekly magazine by Israel's Interior Ministry and the Israeli Army.

Government sources confirmed a report Sunday by Israel Radio that Mr. Peres had personally intervened in the case against the Palestine Press Service, a key source of information on developments in the Israeli-occupied West Bank and Gaza Strip. The sources said a hearing in the case would go forward as scheduled Monday, giving both sides a chance to make their arguments, but that Mr. Peres had already decided that the proceeding against the agency should be dropped after the hearing.

The Interior Ministry and the army's central command accused the service two weeks ago of being "guided and financed" by the main Fatah wing of the Palestinian Liberation Organization and threatened to revoke the agency's license to operate. The press agency's co-owners have denied the assertion.

69 Alleged Mafia Leaders Arrested

PALERMO, Sicily (Reuters) — A nationwide operation against hundreds of suspected Mafia members continued Sunday after an imprisoned leader of the Sicilian-based organization broke its code of silence, police said.

Sixty-nine alleged Mafia members have been arrested and 366 arrest warrants issued by magistrates, 200 of which were served on people already in jail. The raid Saturday sealed off the town of Palermo for eight hours, and a special Alitalia flight Saturday took 28 of those arrested to Pisa, where they were taken to different prisons, police sources said.

Magistrates said the raid resulted from information on more than 100 Mafia crimes supplied by a jailed clan leader, Tommaso Buscetta, extradited to Italy from Brazil in July on charges including murder and narcotics trafficking between Sicily and the United States, gave police a 3,000-page statement in which he detailed Mafia activities over the last 15 years. He is the first major Mafia figure to cooperate with the authorities.

Greens Projected to Gain in Voting

DUSSELDORF (AP) — Voters in West Germany's most populous state elected 17,000 city and county government officials Sunday, and initial projections showed losses for conservative Christian Democrats and gains for the anti-establishment Greens party. About 12.6 million voters were eligible to elect representatives for 458 city and county councils in North Rhine-Westphalia state.

Official final results were expected Monday. The latest projection by West Germany's first television station Sunday was 42.2 percent for the Christian Democrats, down from 46.3 percent in 1979, and 43.2 percent for the Social Democrats, also down from the 1979 figure but giving them the lead over the Christian Democrats.

The Greens were projected to take 9.2 percent of the vote, up from 1.5 percent four years ago, and the Free Democrats were expected to drop two percentage points from 1979 to 4.5 percent.

6 South Africans Seek New Sanctuary

DURBAN, South Africa (Reuters) — Six dissidents hiding from South African police inside the British Consulate in Durban appealed Sunday to four foreign embassies for sanctuary partly because they feared Britain would expel them from the consulate.

The six opponents of white minority rule in South Africa took refuge in the consulate 18 days ago after evading the police.

Faruq Meer, a senior member of the Natal Indian Congress, whose leaders are among the six, said he had asked the West German, Dutch, French and United States embassies in South Africa to "provide sanctuary and every possible assistance to our clients."

Soviet Said to Press Ceasefire on Trip

HAMBURG (AP) — The Soviet Union has threatened to stop delivering oil to Romania if President Nicolae Ceausescu visits West Germany next month, according to Bild am Sonntag.

The newspaper cited "well-informed Bonn sources" for its report, which appeared on Saturday. The government press office said Saturday that it had no reason to change a statement Friday that the government assumed that Mr. Ceausescu's trip would take place as planned Oct. 15 to 19. Mr. Ceausescu also reaffirmed his intention to visit in mid-September.

That statement was issued in response to a report in the Frankfurt Allgemeine, which said that Mr. Ceausescu had demanded that Chancellor Helmut Kohl break with West German protocol by greeting him at the airport. Mr. Ceausescu had also demanded a joint declaration that "would repeat the Romanian position on missile disarmament in Europe," the newspaper said. Mr. Ceausescu has advocated the removal of nuclear missiles in Europe.

For the Record

At the world chess championship in Moscow, Anatoli Karpov, the champion, took a 3-0 lead Saturday after his challenger, Gary Kasparov, resigned during the seventh game of their title match. The game had been adjourned Friday night on the 42nd move, and Mr. Kasparov resigned without making any new moves. The match will be won by the first person to score six points.

A U.S. delegation led by a deputy assistant secretary of state for African affairs, Frank G. Wisner, arrived Friday in Luanda, Angola, for talks about independence for South-West Africa, or Namibia, the official Angolan press agency ANGOP said Saturday.

Prime Minister Prem Tinsulanonda of Thailand, who returned Wednesday from a physical checkup in the United States, has been hospitalized in Bangkok with an inflamed lung and circulatory problems. Radio Thailand announced Sunday. There was no immediate report on his condition.

Theodore V. Anzalone, chief fund-raiser for Kevin H. White when he was mayor of Boston, was found not guilty of extortion Friday by a federal jury.

A bill to grant citizenship posthumously to Corporal Wladyslaw Stanislawski of the U.S. Marines won final congressional approval Friday on a voice vote in the Senate. President Ronald Reagan is expected to sign the measure. Mr. Stanislawski was a British subject when he was killed in Vietnam 17 years ago.

Beirut Radio Says U.S. Has Plan for Israeli Pullout

United Press International
BEIRUT — Richard W. Murphy, the U.S. special envoy to Lebanon, has arranged a plan that calls for an Israeli withdrawal from southern Lebanon within six to nine months of its approval, official Beirut radio said Sunday.

The report quoted "well-in-

formed political sources" as saying that, under the "Murphy plan," Israel would end its two-year occupation without demanding a simultaneous Syrian withdrawal from Lebanon.

"Syria will, meanwhile, guarantee not to facilitate any guerrilla operations against Israel," the radio said. "The Israeli withdrawal should be completed within six to nine months once the plan is approved."

In Israel, one of the officials responsible for activity in southern

Lebanon, Uri Lubrani, told Israeli radio he could not confirm the existence of the plan.

"First of all, I want to say, I know nothing about a plan," Mr. Lubrani said. "There is definitely exploration — I define it as exploration — to examine if the possibility of an arrangement in which Syria will also be connected."

"At this stage," he said, "we have not been asked to react in one way or another to a plan like this."

Syria has reportedly demanded that Israel halt attacks on Lebanon

in return for a withdrawal of some of its 30,000 troops in northern and eastern Lebanon.

Shultz Shoulders Blame

Secretary of State George P. Shultz said Sunday that if "somebody's head has to roll" over the bombing of the U.S. embassy annex in Lebanon, "I'm willing to have it be my head." United Press International reported from Washington.

But Mr. Shultz also insisted that "responsibility is with people who through the use of terrorism are trying to have an impact on U.S. policies."

"It's the threat of terrorism that is responsible, and that's what we have to fight against," he said in an interview with ABC television. Mr. Shultz responded testily to questions about responsibility for the attack, which has become an issue in the presidential campaign.

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AMERICAN TOPICS

Main Street, U.S.A.,
Getting a New Look

In many American small towns, the shopping mall has taken over and left Main Street a husk. But in many other communities, the downtown section — where typically the First National Bank is across the street from the corner drug store, and the dry goods emporium, hardware store, shoe shop and post office are just down the block — still lives, sometimes just barely.

The National Trust for Historic Preservation intends to help keep Main Street alive and thriving. It has provided seed money and expertise that have spruced up nearly 100 downtowns from Tarboro, North Carolina, to The Dalles, Oregon. In mid-September, in concert with federal, state and local organizations, both public and private, the National Trust held a nationwide televised meeting at 440 sites on "Revitalizing Downtowns," with plenty of participation from the far-flung audience.

People at the National Trust say there is no single formula for keeping Main Streets alive. Every town is different. It has learned some lessons on what works: Rely on local initiative, start small, go slow.

It also has learned what doesn't work: big-scale, one-shot projects; pedestrian streets, which often mean razing valuable buildings for parking while isolating the downtown section; facade modernization that obliterates the historic image that is one of Main Street's strengths in competition with shopping malls; and "theme" treatments such as Wild West, Victorian or New England Salt Box.

Short Takes

The national drive to add a balanced-budget amendment to the U.S. Constitution stalled two states shy of the necessary 34 when it was blocked in committee in the Michigan legislature, 5-4. The vote dims prospects for the bill this year. No other state legislature is close to conclusive action.

When a visitor complained that he had not seen the coral snake budge in nine months of visits to the Houston Zoo, John Donahoe, the curator, acknowledged that it was actually a rubber imitation. Snakes on exhibit tend to die, he said, so "we put out a rubber one for people to be able to see what they look like."

Notes on People

The three-member Council on Environmental Quality in Washington has approved plans to build a two-and-a-half mile (four-kilometer) parkway

to Jimmy Carter's proposed presidential library in Atlanta. Local residents say the four-lane road will damage historic neighborhoods, and the case appears headed for a long court fight. Debate over the project has become increasingly strident. The Carter allies are attacking opponents of the project as affluent white elitists; the foes are comparing Mr. Carter's actions to the sacking of Atlanta in the Civil War by Sherman's army.

John V. Lindsay, the former New York mayor, has appeared on many television shows, as an interviewer for the ABC network and on Broadway with a bit part in the musical "Seesaw." Now he has extended his theatrical career with a job as chairman of the Vivian Beaumont Theater at New York's Lincoln Center.

When C Rations
Are Capitol Fare

Senate-House conferees trying to resolve a deadlock on the military programs bill labored away for six hours last Monday on the little-used fourth floor of the Capitol when, about 7 p.m., the doors were flung open. An aide shouted "Dinner!" and carts were wheeled in carrying, yes, military field rations, better known as C rations.

Senior members of the Senate and House Armed Services Committees tore open the plastic packages and wolfed down Vienna sausages with cold baked beans, beef patties designed to be accompanied with water and similar delicacies.

"After all," an aide said, "if we expect the enlisted men to eat them, we should expect the Armed Services committees to eat them, at least once in a while."

Navy Probes Skipper
In Whale Incident

The navy is investigating an incident in which Melvin D. Munsinger, skipper of the supply ship San Jose, is said to have fired rifle shots at a pod of whales in the Indian Ocean last October.

Captain Munsinger is said by some of his crew to have been shooting a rifle at a floating barrel target when the whales swam by. Although the whales posed no threat to the San Jose, the captain is said to have kept shooting in their direction, possibly, but not verifiably, wounding one of them. A crewman said he had heard one of the mammals wail.

A navy spokesman, saying the navy observes all applicable statutes on preserving the environment and protecting endangered species, said, "This is not a matter we are taking lightly."

Mob Extorting
Millions at
JFK Airport,
Official Says

By Selwyn Raab

New York Times Service

NEW YORK — Organized crime has a stranglehold on a large part of the cargo business at Kennedy International Airport, extorting millions of dollars each year from shipping and trucking companies, according to the head of a federal investigative unit.

The official, Edward A. McDonald, said a five-year inquiry by the Justice Department and the Federal Bureau of Investigation had uncovered evidence that trucking and warehouse companies were forced to make the payments to avoid labor problems.

The companies, known as freight forwarders, deliver and pick up shipments from airlines at the Queens airport. Last year, 1.1 million tons of cargo valued at \$47 billion were shipped through Kennedy, more than through any other airport in the country.

Mr. McDonald said the payoffs were often disguised as payments to trucking companies controlled by organized crime. The payments are supposedly for subcontracting work that is never done by the mob-controlled companies, he said. Another method used to control the companies, he said, is to list as expenses the fictitious leasing of equipment from companies run by mobsters.

The crime figures have been able to obtain payoffs mainly because of their influence over two locals of the International Brotherhood of Teamsters that have jurisdiction over truck drivers and warehouse and clerical employees, Mr. McDonald identified.

Mr. McDonald identified the union groups under investigation as Local 851 in Valley Stream on Long Island and Local 295 in Jamaica, Queens.

Frank Calise, president of Local 295, said, "Of course, I deny what these people are saying. Until I get more information I have nothing else to say." Officials of Local 851 did not reply to repeated requests for an interview.

Mr. McDonald said the inquiry was in its final phase and that a federal grand jury was reviewing evidence in the case.



Walter F. Mondale making a 'stump speech' in Georgia.

Bush, on the Campaign Trail, Fosters
Self-Effacing Style With the Press

By Jane Perlez

New York Times Service

WASHINGTON — In just about every city George Bush visited during a four-day tour of the Middle West and Pennsylvania last week, there was an organized ritual with the local press that is becoming a hallmark of the vice president's campaign repertoire.

Local television reporters were invited to a hotel or hall where Mr. Bush was appearing and, backstage, were granted five minutes with the candidate, who amiably answered questions.

Mr. Bush's apparent aim in a

dozen of these sessions, and in his twice-daily encounters with a national press entourage that travels with him, was to not make news. Instead, he attempted to all but submerge himself as an issue in the

campaign and promoted instead what he regards as the good tidings of the Reagan administration and the potential horrors of a victory by the Democratic candidate, Walter F. Mondale.

When Mr. Bush starts to become the center of attention, as he did last week over whether he would release his income tax returns, he gets a pained expression on his face and tries to diminish the headlines as quickly as possible.

"I don't need all this," he said as national reporters persisted in asking why he was the only one of the four candidates for the presidency or vice presidency not to release tax returns.

Mr. Bush had asserted that the conditions of his blind trust prohibited him from making his returns public.

Within a day, Mr. Bush had short-circuited the inquiries. He announced that his lawyers, after consulting with the Office of Government Ethics, had determined that he could, after all, release "essential information" about his taxes.

Making the information public, Mr. Bush said, would be "in keeping with my longstanding personal practice of full financial disclosure which goes beyond the spirit and letter of any law."

As if to emphasize his low-key role, the vice president said that his coming debate with Geraldine A. Ferraro, the Democratic vice presidential candidate, was relatively unimportant.

"I don't think it's the vice presidential debate that will be the determining factor in this election," he said in Springfield, Illinois. "We're not talking about the real debate, we're talking about a kind of glorified Sunday news show with a kind of 'Meet the Press' format."

When he meets Ms. Ferraro on Oct. 11, he said, he intends "to keep the focus on the top of the ticket."

Using a line that seemed to reflect some of the uncertainty he has expressed in the past about how to conduct himself in a debate with a woman, Mr. Bush said his strategy, "for better or worse, richer or poorer, is just be yourself."

Mondale Joins With Carter
In Accusing Reagan of Failure

Compiled by Our Staff From Dispatches

LOVEJOY, Georgia — Walter F. Mondale and former President Jimmy Carter joined forces at the Georgia state Democratic picnic to accuse President Ronald Reagan of failure to reduce federal budget deficits, failure to make progress in arms control talks and failure to accept responsibility for the bombing of the U.S. Embassy in Beirut.

Mr. Mondale and Mr. Carter were joined by many other Southern party leaders at Saturday's event, which was designed to demonstrate Democratic solidarity in the South. Polls show Mr. Mondale trailing Mr. Reagan in the South by a large margin.

The Democratic luminaries included the Reverend Jesse L. Jackson, the party chairman of 11 of the 13 Southern states, including Bert Lance of Georgia, and the mayors of Atlanta and Miami, the region's largest cities.

Speaking at the picnic, Mr. Mondale challenged the president to explain why there was "apparently no progress made at all towards arms control" during meetings last week with Foreign Minister Andrei A. Gromyko of the Soviet Union.

"All we've seen are photos and no progress," Mr. Mondale said. Mr. Mondale met with Mr. Gromyko Thursday and suggested there was an "opportunity for significant progress" in the Reagan-Gromyko talks on Friday.

"The president has a responsibility now to speak to the American people as to what we're to make of this," Mr. Mondale said.

"Why for 25 years has he opposed every arms-control effort of every president?" Mr. Mondale continued. "Why for four years has he given us an arms race, and why for these last four days does suddenly the whole approach change and do we start hearing talk of arms control, and why have they failed?"

Both Mr. Mondale and Mr. Carter ridiculed Mr. Reagan for never having met with the top official of the Soviet Union. They noted that Mr. Gromyko has met with every president since Franklin D. Roosevelt, and thus Mr. Reagan's meeting with him was no accomplishment.

Both Democrats also criticized Mr. Reagan for failing to take personal responsibility for the deaths of 24 persons last month in the Sept. 20 bomb attack of the U.S. embassy annex near Beirut.

Mr. Carter suggested that Mr. Reagan was embarrassed and "politically damaged" by adverse reaction last week after he appeared to blame the bombing on "the near destruction of our intelligence capability in recent years before we came here." Like others, Mr. Carter interpreted the remark as a criticism of himself.

Mr. Reagan telephoned Mr. Carter on Friday to explain that he had not been referring to Mr. Carter. But Mr. Carter said Saturday, "I'm still disappointed. I lived for four years with a Harry Truman sign on my desk — 'The buck stops here.' I think President Reagan lives with just the opposite philosophy — 'The buck stops everywhere except the Oval Office.'"

"I'm disappointed at his total commitment to avoid responsibility and in effect live in a dream world," Mr. Carter said.

Mr. Mondale, who said the United States was "respected" in the Middle East during the Carter administration, said Mr. Reagan misled Americans three times in responding to the bombing in Lebanon.

"First he said everything possible was done, when of course that was not the case," the former vice president said. "Then he compared it to fixing up one's kitchen and that's just the problem. That's no way to approach it."

"Finally, he complained that the real problem was that his predecessors had weakened the CIA and that's the worst position of all because it suggests falsely that this nation is weak in its intelligence capability."

In this year's campaign, Republicans have emphasized Mr. Mondale's role in the administration of Mr. Carter, whom voters rejected in 1980.

But Mr. Mondale said of Mr. Carter, "I'm proud of every day of my service as his vice president." Mr. Mondale, repeating a line that he used often in his successful battle in the Georgia primary, contended that he is part Georgian and that "anyone who can make a speech and blow gnats at the same time deserves to be president and I learned that in Plains."

Mr. Mondale said he knows

Southerners better than Mr. Reagan does and he knows that Southerners did not want the \$200 billion deficits that he said are driving thousands of farmers into bankruptcy and "saddling our children with the bills." (WP, LAT)

■ **Ferraro Rejects Carter Link**
Maureen Dowd of The New York Times reported from Pittsburgh: While Mr. Mondale was defending his association with Mr. Carter, Geraldine A. Ferraro said Saturday that the Democratic ticket on which she is running for vice president was not an extension of the Carter administration.

"It's not Carter-Mondale," she said, her mouth set and her eyes glittering with anger at a reporter's question linking Mr. Mondale with Mr. Carter. "It's Mondale-Ferraro. It's four years later. It's not 1980. That's what Ronald Reagan wants to run. We're not going to let him do it."

In a speech, Ms. Ferraro criticized Mr. Reagan as trying to pass the blame for what she said were his mistakes on to Mr. Carter. She sharpened her attack on what she called Mr. Reagan's "outrageous mistakes" and "excuses" in discussing the Sept. 20 bomb attack on the U.S. embassy annex in Lebanon.

■ **Support of Blacks Expected**
Joe Pichirallo of The Washington Post reported from Washington: Several national black leaders said Saturday they are optimistic that black voters will strongly support Mr. Mondale.

A theme that emerged in speeches and interviews with black leaders attending the legislative week-end here of the Congressional Black Caucus Foundation Inc. is that blacks must put aside past differences with Mr. Mondale. Four more years of Mr. Reagan, they said, would be disastrous for civil rights and other black political issues.

Coretta Scott King, the widow of the Reverend Martin Luther King Jr., the slain civil rights leader, said there was strong grass-roots support for Mr. Mondale that was not being picked up by the media or public opinion polls. Mayor Andrew Young of Atlanta also said he believed that black voters were closing ranks behind Mr. Mondale.

CAMPAIGN BRIEFS

Governors Queried on Voter Drive

NEW YORK (NYT) — Donald J. Devine, director of the federal Office of Personnel Management, has ordered the Democratic governors of New York, Ohio and Texas to explain by Monday whether they are violating federal rules by using state agencies to register voters.

The New York administration of Governor Mario M. Cuomo denounced the request as a partisan move by the Reagan administration. Federal rules require that state employees "be protected against coercion for partisan political purposes," Mr. Devine wrote.

Cuomo Unsure of Presidential Bid

ALBANY, New York (NYT) — Mario M. Cuomo, the Democratic governor of New York, says he will not run for re-election in 1986 if he decides to seek the presidency in 1988 but has emphasized that he had made no decision to run for president.

Mr. Cuomo said he believed Walter F. Mondale would come from behind to win this year and would presumably run for re-election in 1988. "If I want to run for president the only way to do it is not to run for governor and start running for president," Mr. Cuomo said. "The alternative is to run for governor and win, and then turn right around and start running for president. And I'm not going to do that."

CBS, ABC Postpone Reports on Laxalt

WASHINGTON (LAT) — CBS and ABC television executives have acknowledged that they have postponed airing critical news reports about Sen. Paul Laxalt, Republican of Nevada and general chairman of President Reagan's re-election campaign, after being contacted by Mr. Laxalt and his New York lawyer.

Mr. Laxalt filed a \$250-million libel suit last week against the Sacramento Bee for a November 1983 story that said illegal skimming had occurred 12 years ago at a Laxalt-owned casino.

Newsweek magazine has published in its current issue a "correction" that says it "did not intend to adopt as its own the Bee's story on Sen. Laxalt or to impugn the senator's reputation" when it declared last week that the press had not focused enough on charges that Mr. Laxalt has associated with people allegedly tied to organized crime.

For the Record

Howard H. Baker Jr., the Senate majority leader, who is retiring in January, has decided to join the Houston-based law firm of Vinson & Elkins and will earn about \$700,000 a year. (LAT)

Representative Lindsey B. Boggs, Democrat of Louisiana, won re-election Saturday, turning back a strong bid by a black former judge. Senator J. Bennett Johnston, a Democrat, won easily against two Republican opponents. (UPI)

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INTERNATIONAL Herald Tribune

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A West German Example

Who remembers the West German miracle — the 25 years when the economy worked in textbook fashion, achieving the magic combination of growth and full employment, stable prices and a large surplus on foreign trade? Well, much has changed. In this decade the country has seen nearly three years of recession, rising unemployment and a foreign balance in the red.

This has led to a labor belligerence not usually associated with West Germany. This year nearly half a million employees in the all-important metal-working industries went on strike for a 35-hour week. The avowed object was to help less fortunate workers back into jobs. But since workers' earnings would not have been reduced with hours, the outcome would have been highly inflationary, leading to fewer jobs, not more. The economy no longer seemed in a class apart. Had it caught the English disease?

In the end, something was reached at 38% hours. The cost-raising effects probably can be absorbed: Lost output is being made up, and business confidence seems to be returning. Recovery will probably continue through 1985, fueled by rising exports. Industry is taking advantage of the U.S. boom and the overvalued dollar, and is increasing sales in the difficult Japanese market.

The budget deficit has been cut from nearly 4 percent of gross national product only three years ago to less than 1.5 percent now, in stark contrast to the trend in the United States. By next year, state spending will absorb only a minute proportion of the nation's savings, against the massive drain into the U.S. Treasury. The object is to ensure that adequate finance is available for private investment, avoiding rising in-

terest rates and a scramble for funds. Bonn has lately avoided pushing up interest rates in line with those of America, where rates are nearly twice as high. So the Deutsche mark has generally fallen against the dollar — but this has probably been worthwhile, though it has raised the cost of some imports. West Germany's main trade is not with the United States. With other countries, the exchange rate has not weakened.

The importance of low interest rates is great. The economic recovery is not likely to reduce unemployment much below the current uncomfortable 8 percent. Before jobs can be created, aging capital stock needs to be renewed and enlarged. This will not be easy so long as profits are low, equity capital is scarce and home demand is not buoyant.

It would not be right to pump up demand in a way that threatened West Germany's price record. This is now almost as near to zero inflation as you can get, which benefits the world because it obliges other countries to trim their financial excesses.

But it might be wise, now, to review the pace of the attack on budget deficits. Discounting the special, reversible, effects of the recession, the budget is probably already in surplus. Bonn envisages tax cuts in 1986 and 1988. There is something to be said for accelerating these, especially if the stimulus from American demand weakens.

The plea is not that a solitary West German locomotive should somehow pull other countries out of recession. It is rather that, by reducing its unemployment, West Germany should present an example, to the very different regimes across its eastern borders, of a successful market economy.

INTERNATIONAL HERALD TRIBUNE



Reagan-Gromyko: A Modest New Start?

By James Reston

WASHINGTON — The main thing about the Reagan-Gromyko talks in New York and Washington is that they took place. They broke the ominous silence that existed between the two nuclear nations, with at least agreement that everything was at risk but that nothing had been irretrievably lost.

Andrei Gromyko took a very hard line in his private talks as well as in public. Diplomats who had observed him for years in Moscow felt that he seemed freer now to speak for his government and to vent his own anti-Western prejudices.

At 75 he is remarkably active, though his mouth is twisted, as if he had suffered a stroke. Nevertheless, he not only gave Secretary of State George Shultz all the time Mr. Shultz wanted, but he saw the Chinese foreign minister for six hours. This was the first time the foreign ministers of the two largest Communist nations had met since 1969, and here again Mr. Gromyko apparently took an unyielding position.

His 75-minute speech at the United Nations was a curious document — actually two different speeches. The first part was a mixture of bad history and bad manners, blaming the United States for all the turmoil in the world since the last world war. The second part was nostalgia for the days when the United States and the Soviet Union fought together against Hitler, and it was highly supportive of the principles of the United Nations Charter.

In contrast, President Reagan's speech to the General Assembly was singularly lacking in his anti-Soviet rhetoric of the past, but his private talk with Mr. Gromyko was officially described as being forceful and direct, signifying no tangible progress.

One official said, nevertheless, that the Reagan administration would give the Soviet foreign minister's remark "the Kennedy treatment." This was a reference to the time in the Cuban missile crisis when President John F. Kennedy received two communications from Nikita Khrushchev — one aggressively intimidating and the other vaguely reassuring, or at least hesitating. Mr. Kennedy ignored the first and answered the second, which led to a compromise.

Administration officials are aware that many delegates at the United Nations, including the Russians, are skeptical of Mr. Reagan's more conciliatory attitude toward Moscow, regarding it as an election tactic.

One American official, while conceding that Mr. Reagan's intentions were being questioned, observed that the president was so far ahead in the election that he had no political need to talk to the Russians.

His change of attitude toward the Russians was not as sudden as the press made out. This official said, pointing to Mr. Reagan's speeches before the General Assembly of June 17, 1982, and Sept. 26, 1983, and his television address of Jan. 16, 1984.

The official line now is that the

president intended all along to change his tone, if not his policy, once rearmament enabled him to "negotiate from strength."

This, of course, is precisely what bothers Mr. Gromyko. "All we hear," the Soviet foreign minister told the General Assembly, "is that strength, strength, and above all strength is the guarantee of international peace. In other words, weapons, weapons and still more weapons."

Mr. Reagan sought to indicate to him that in nuclear arms negotiations, including talks on "the militarization of space," the United States "would consider what measures of restraint both sides might take while negotiations proceed."

According to officials at the United Nations, this was a phrase written

by Mr. Reagan himself, differing from the State and Defense Department drafts, to imply that the United States might postpone its military space plans if Moscow reopened the other arms negotiations.

There seems to be little hope of serious progress in the weapons field before the November election, but conversations could take place in other fields.

For example, 1985 will mark the 40th anniversary of the end of the last world war and the signing of the UN Charter. As allies in that war and founding permanent members of the UN Security Council, both the Soviet Union and the United States could begin planning now to celebrate these events. Mr. Reagan and Mr. Gromyko talked about "a new beginning." The one, 40 years ago in the UN Charter, was not bad.

The New York Times

A Risky U.S. Game On the Cuba Accord

By Wayne S. Smith

WASHINGTON — Twenty-two years ago this month, John F. Kennedy and Nikita S. Khrushchev reached an understanding that ended the Cuban missile crisis, and the world, which had stood at the brink of war, heaved a sigh of relief. Since then, every American president has taken that understanding as a deadly serious matter. Now, however, the Reagan administration seems intent on questioning its validity.

The president and his associates apparently wish to free themselves of the restraints imposed by the accord. In the process, they may open a Pandora's box of new tensions and uncertainties in U.S.-Soviet relations.

On Sept. 14, 1983, President Reagan stated categorically that the understanding had been "abrogated." He did not say how, nor subsequently could his aides say what he meant.

The president's statement was followed in February by the incredible assertion of his friend, former Governor William P. Clements Jr. of Texas, a member of the Kissinger commission on Central America, that there had never even been a Kennedy-Khrushchev understanding — merely each other like "ships in the night."

More recently, at the Republican National Convention, Jeane J. Kirkpatrick referred in passing to Cuban facilities that "enable Soviet submarines to roam our coasts." If that were true — if Soviet submarines were indeed operating from Cuban ports — it would mean that the Soviet Union was violating the 1962 understanding on a regular basis.

Now, to add to the confusion, the president's General Advisory Committee on Arms Control charges in a report soon to be released to Congress that the Russians violated the understanding from 1970 to 1974 by deploying missile-carrying submarines in Cuban waters.

Which of these assertions should we believe? Has the understanding been abrogated? Or was there never

an understanding — in which case there would be nothing to violate? Are the Russians violating the agreement today, or did they violate it from 1970 to 1974, but not today?

The answer is none of the above. An understanding most certainly exists, and it has not been abrogated. The core of the understanding is outlined in a message sent by Mr. Khrushchev on Oct. 26, 1962, and in Mr. Kennedy's response of Oct. 27. The terms of the understanding were clear: If the Russians would remove their offensive weapons systems from Cuba, the United States would lift its naval blockade and promise not to invade.

That was the sum of it. There was no prohibition on the stationing of conventional forces in Cuba. No mention was even made of the 20,000 Soviet ground forces there at the time of the crisis.

Nor was there any stipulation that Cuba refrain from encouraging revolution elsewhere in the hemisphere. President Kennedy certainly understood that the United States would have to contend with what he called "the export of aggressive Communist purposes," but he also understood that it should not be dealt with by threatening nuclear war.

President Richard Nixon was fully committed to the understanding. Noting in 1970 that the Russians were constructing facilities in Cienfuegos, Cuba, for the apparent purpose of servicing nuclear submarines, the Nixon administration insisted that this would be a violation of the accord and demanded that the facilities be dismantled. That

Washington and Moscow agreed at the time that isolated port calls by Soviet submarines would not be considered a violation, but their servicing in or operation from Cuban ports would be. Apparently to assert their right to do so, the Russians sent a submarine into a Cuban port in 1972, and another in 1974. The United States was aware of those calls and did not consider them a violation of the agreement. Since 1974, there have been no Soviet nuclear-armed submarines in Cuban ports except for one towed in briefly in distress. Both Mrs. Kirkpatrick and the General Advisory Committee are wrong.

The Carter administration also regarded the accord as binding. In 1978, it questioned whether the addition of MIG-23s to the Cuban Air Force was an infringement, but it concluded that no violation was involved since the planes were not capable of carrying nuclear weapons.

What, then, does the Reagan administration hope to gain by questioning the validity of the understanding? It can only lose by doing so. Accusing the "evil empire" of violations may seem to be good propaganda. But if Moscow were violating the understanding, Washington would need to do something about it.

Were Soviet submarines really using Cuban facilities, Mr. Reagan's duty would be clear — to demand that Moscow either stop a stop to it or face another Cuban missile crisis. No such demand has been made. One can only conclude that Mr. Kirkpatrick's statements are untrue — or that the president is being led by Moscow. The administration cannot have it both ways.

And what can the United States gain by suggesting that the understanding is no longer binding? The administration can hardly wish to open the way for the positioning of Soviet offensive weapons in Cuba. Must we assume, then, that it wishes to remove any obstacles to a U.S. invasion of Cuba? That would clearly be a dangerous game. An invasion would be an exceedingly bloody affair costing thousands of American lives even if the Russians did not come to Cuba's assistance — and we cannot be certain they would not.

The writer, chief of the U.S. interest section in Havana from 1979 to 1982, is a senior associate at the Carnegie Endowment for International Peace. He contributed this comment to The New York Times.

The Nuclear Diplomats

The Reagan-Gromyko conversation that began with professions of peace at the United Nations last week appears to have culminated in an "intense" and "aggressive" exchange at the White House. Those are the adjectives Secretary of State George Shultz used in his report, and it is not hard to fill in the nouns to which they apply.

President Reagan's message to the Soviet foreign minister and his fellow members of the Politburo must have gone something like this: You may think I am stressing negotiation now to win votes, but I don't need you fellows to be re-elected. You will have to deal with me and my high military budgets for another four years, and even my opponent's defense budgets would not be much smaller. I've given higher priority to our buildup than to arms control because we are alarmed by the size of your forces and the ways you have used them.

But you are wrong if you think I don't recognize the danger of this arms race and don't yearn for real peace and reductions in nuclear weapons. I care deeply about keeping our competition under control. I want to see us cool the conflicts in Afghanistan, the Middle East, Asia and Central America and reach some solid arms-control treaties. You ask for deeds, not words. From us, I want deeds, not words. From you, we have lots of ideas on the table. We have repaired our defenses and are ready when you are to get started again.

Nor is it hard to imagine Mr. Gromyko's equally impassioned responses:

After almost 40 years of dealing with your country, I know something about U.S. politics and am not misled by campaign noises. But your administration has done more than change its tone. You have said it is we who cannot be trusted to keep agreements even though it was you who rejected an arms treaty and other arrangements made by your predecessors. You have not just criticized one or

another Soviet policy. You have threatened to try to break our economy unless we accept proposals that assure your freedom of action. You challenge our influence and friends not only in remote parts of the world but in the heart of Europe, along the lifelines for which we sacrificed so much.

We cannot renegotiate every agreement with every new American president and we cannot negotiate at all with an administration that refuses to respect us as an equal partner. We will match your weapon for weapon and cannot be made to beg for mercy. But if equality is the goal, we are ready to resume negotiation on arms and to settle what we can elsewhere. We, too, have made proposals, and we have been ready longer than you.

Whatever the actual words, such attitudes underlie the Reagan-Gromyko encounter. They are sentiments that describe the essential deadlock more than they prescribe a way to end it. One need not subscribe to Mr. Reagan's Soviet policy to agree that the Soviet missile buildup in Europe and invasion of Afghanistan became serious obstacles to arms-control diplomacy even before he took office.

Nor need one accept Mr. Gromyko's tendentious account of the Cold War, at the United Nations, to appreciate how the Reagan team's bellicosity not only disrupted diplomacy but struck the Soviet leaders as a radical departure: a renunciation of the parity that is the basis of any deal to stabilize the arms race. Whether nuclear diplomacy can catch up with nuclear technology was a pressing question in 1980. Now it is a burning one. If President Reagan intended to use most of one whole presidential term merely to soften up the Russians, he has nothing to show for it. If he was warmly devoted to arms control from the start, why is it that late 1984 suddenly finds him working so hard to prove it?

— THE NEW YORK TIMES

Other Opinion

Ambassador Ellsworth Bunker

When President Eisenhower needed an ambassador to oversee U.S. aid to an India faced with appalling food shortages, he turned to Ellsworth Bunker. When President Kennedy needed a mediator to settle the explosive conflict between the Netherlands and Indonesia over the future of New Guinea, he turned to Ellsworth Bunker.

When President Johnson needed an envoy to sort things out in the Dominican Republic, he turned to Ellsworth Bunker before sending him, at age 73, to a six-year stint in Vietnam. When President Nixon needed a senior diplomat in the Middle East, he turned to Ellsworth Bunker, as he did in assigning him to negotiations for a Panama Canal Treaty. When Presi-

dent Ford and Carter needed a patient negotiator to see this epic treaty through to passage, both turned to Mr. Bunker.

"When the president calls on you to do a job, you do it," Mr. Bunker once said. His death Thursday diminishes the circle of distinguished citizens, often successful in other fields, who devote themselves to diplomacy.

"Ellsworth Bunker always had a soothing effect in a crisis," Henry Kissinger wrote. "When one saw at the foot of the ramp that tall, erect, thin figure, immaculately dressed as if no suit of his would dare rumple even in the heat of Saigon, one knew there was no risk of failure from either excess or impetuosity or lack of dedication."

— The Baltimore Sun

FROM OUR OCT. 1 PAGES, 75 AND 50 YEARS AGO

1909: A Look at Things on the Street
NEW YORK — The old question, "How's the Market?" has given place to "How's the Street?" However, it comes to the same thing. Stocks in general closed unchanged or a fraction lower [on Sept. 30]. The military parade in connection with the Hudson-Fulton celebrations distracted the attention of traders and the public from the market. Mr. Frank A. Vanderlip denies a report that his health will compel his retirement from the presidency of the City National Bank. Mr. Charles J. Lawson was initiated a member of the Stock Exchange [on Sept. 30]. He escaped with a light hazing. His father, Mr. W.S. Lawson, who he nearly killed me," Mr. Charles W. Morse, commenting on his election as president of the Hudson Navigation Company, says, "No man is dead till the undertaker gets him."

1934: Russia's Gold Mines Keep Busy
NEW YORK — Most American and British commentators have given qualified acceptance to claims of Soviet authorities that their country has increased its gold production to such an extent as to displace either Canada or the United States from the position of the second most important world producer, states W.F. Boericke, writing in the New York Herald Tribune. While definite figures on production have never been forthcoming from official sources, there seems to be much evidence available on the new plants installed, extent of mechanization and reported large shipments of bullion to Germany from Russia. Their hesitancy to supply the figures, but instead to speak glibly of an imposing increase in the number of plants that are employed in gold mining cannot fail to connote the impression of an industry endeavoring to set up a record.

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Abortion: More Than One Civilized View

By Anthony Lewis

NEW YORK — Abortion has always seemed to me an issue of law and morals so complex, and so deeply felt, that opposing views deserved respect. I respected those who considered it a basic act. I respected those who saw the decision as the woman's to make.

The 1984 election campaign has put those feelings under severe strain. In me and I suspect in others, for are opponents of abortion have resorted to such outrageous tactics that they have just about lost their entitlement to respect.

What is so repellent about the anti-abortionists' campaigning is their certainty. They are so sure they are right that any tactic is justified. The end justifies the means. We see people who claim to be moved by love of life going to Geraldine Ferraro's rallies and holding up signs that say "Mondale-Ferraro Death Squad" or that show three small tombstones and the words "Gerry's Kids."

The bishops and lesser clergy who are pressing the abortion issue tend to use a more philosophical tone. But the bottom line is about the same: Abortion is self-evidently evil and recognized as such by all moral individuals; if you do not agree, or even if you do but think others are entitled to differ, you are in favor of murder. Thus Monsignor A.V. McLees of St. Albans, New York, wrote to The New York Times that abortion has been "considered immoral by the great majority of civilized people, not for religious reasons only but for the same reasons that murder is immoral or stealing is immoral: They are condemned as being opposed to the well-being of the community."

Is Italy, then, to be put down as

uncivilized? That glorious country, which happens to be overwhelmingly Roman Catholic, allows abortion under a statute approved by national popular referendum. The law permits abortion on various grounds in Britain, France, Spain, Portugal, Greece, and other countries. All uncivilized?

If civilized attitudes are to be the test, what are we to say of men who insist that women who become pregnant as the result of rape must bear the child? Many of the anti-abortion zealots go that far.

The assertion that there is only one civilized view of abortion is not only wrong as a statement of fact. It is also quite wrong about the attitudes of millions of decent people in the United States, including large numbers of Catholics and other parishioners. Polls have repeatedly shown a majority of Americans against the demand to outlaw all abortion; but at a minimum, opinion is sharply divided.

To insist that the reality of diverse opinion on this extremely difficult question be overridden to write one view into law is exceedingly dangerous. Merely to state the proposition is to demonstrate how divisive a notion it is, how threatening to the political tolerance that is essential to democracy's workings.

Abortion should be "the key issue" in American politics, Archbishop Bernard F. Law of Boston and 18 Catholic bishops of New England said in a statement in September. My guess is that not many Americans would agree.

The priority that the anti-abortionists give to the issue rings not of

politics in the usual American sense but of fanaticism. And the price of that can be extremely high. History has too many bloody examples of suspicion and hate generated by those who wanted to impose their certainties on others.

The United States is on the whole a pragmatic country — which is why its form of government has lasted. And so I find the rise of the anti-abortion fanatics a puzzle.

When the issue has been fairly well settled by compromise in so many other countries, why should Americans be driven by student demands for an absolute answer?

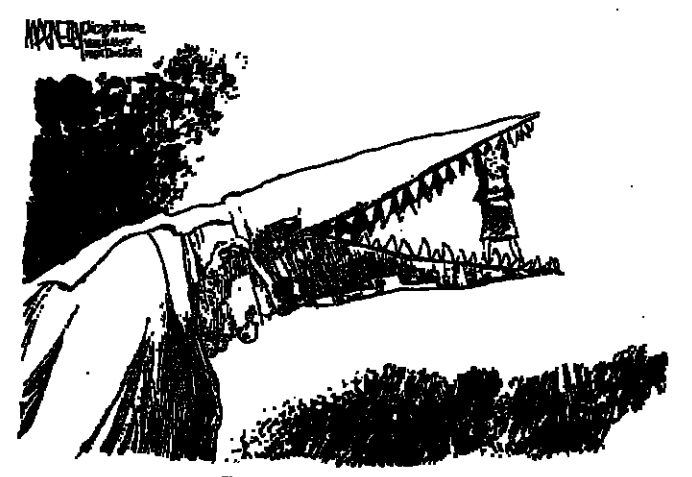
For zealotry to be made a test of political acceptability is alarming. The Reagan administration has already indicated that correct views on abortion are to be a standard for judicial appointees.

To demand belief in a particular doctrine — to demand it of judges or candidates for president — is as profoundly wrong as it would be to demand membership in a particular religious denomination.

The framers of the U.S. Constitution wrote in Article VI: "No religious test shall ever be required as a qualification to any office or public trust under the United States."

The New York Times

Letters intended for publication should be addressed "Letters to the Editor" and must contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.



Ferraro and the Church

LETTERS TO THE EDITOR

Matters of Life and Death

Regarding "Pro-Life, but Selective" (Letters, Sept. 11):

The essential difference between abortion and capital punishment is clear. In the first instance, a single or perhaps several individuals, for reasons perceived to be in their own interest or that of the unborn, determine that an innocent human shall be denied the right to life.

In the second, a society, through its legal and judicial systems, acting on its belief in what is in the common good, concludes that a criminal has, by his own action and volition, forfeited his right to life.

JEANNE ESQUIVEL
Estoril, Portugal.

In response to "Whose God Shall Rule" (Sept. 18):

This distressing New York Times editorial has moved me to write my

first letter to a newspaper at age 76.

The author seems to prefer Catholics running for office not only to ignore a principal tenet of their religion, but to vote for abortions in certain cases. These Catholic voters are not risking being burned at the stake or being disemboweled; they are simply risking not being elected because they stuck to their principles.

The editorial asks, "If it were the duty of Catholics to forbid abortion even if other faiths deem it to be permissible, then why not also forbid birth control and divorce?"

Birth control does not destroy a life in being, and neither does divorce put an end to the lives of its principal victims, the children, though usually they are spiritually harmed by it. The point here is the suppression of lives.

A. ROEBLING van der ELST
Blot, France.

(Continued on Page 9)

In Haiti, Duvalier Sends Out Mixed Signals for Improvements in Human Rights

By Joseph B. Treaster
New York Times Service

PORT-AU-PRINCE, Haiti — Over the past year, President Jean-Claude Duvalier has promised some dramatic improvements in human rights. But he has retreated nearly as often as he has advanced, with little net gain for the six million Haitians, who live in fear and poverty in a police state created more than a quarter of a century ago by the president's father, François "Papa Doc" Duvalier.

After an exhilarating few months in which the 32-year-old president promised "free, honest and clean" elections for a National Assembly and issued widely publicized orders to end arbitrary arrest, torture and other abuses by the security forces, the editor and publisher of a weekly newspaper was arrested and beaten up, two other critics were placed under house arrest, and another went into hiding.

In early August, about two months after being beaten, the editor, Pierre Robert Auguste, was permitted to resume publishing his weekly, L'Information. But diplomats have noted that the newspaper has been far less critical of the government since its reappearance.

In what the diplomats described as an encouraging development in human rights, the Duvalier government acknowledged in early September that five men who had disappeared 18 months earlier had been in police custody. On Sept. 20 they were convicted in a public trial of having taken part in "activities against the security of the state" and sentenced to life in prison.

A foreigner who has been doing business in Haiti for years called the disclosure of the arrests and the subsequent trial "a big plus."

"No one knew where these people were or whether they were dead or alive," he said. "Under Papa Doc they would never have been heard of again. The father never used the Palace of Justice. There were no trials for people like this."

The diplomats said Mr. Duvalier was holding 40 to 50 political prisoners in his jails without charges. The president and other senior government officials refused to talk to a reporter. But a government spokesman, Guy Mayer, the third-ranking officer in the Ministry of Information and Public Relations, said Haiti had no political prisoners.

Diplomats and many Haitians say that while

Haiti has many shortcomings in human rights, there is a marked difference between the country now and under the rule of the older Duvalier, who tolerated not a hint of opposition.

He died in 1971 and passed on the self-proclaimed title of president-for-life to his son, then 19. The younger Duvalier has said he wants to "liberalize" Haitian society and to improve living conditions in a nation where malnutrition and disease are rampant and nearly 80 percent of the people can neither read nor write.

The diplomats and Haitians say that as far as is known there have been no political murders in the last two or three years. A diplomat said, however, that where the regime "perceives a threat, it moves against it."

In a first experiment with liberalization, Mr. Duvalier loosened restraints on the press in the late 1970s. After a while some members of the small business community said that the journalists were inciting labor unrest. In 1980, Mr. Duvalier expelled more than 20 journalists and other critics, saying they had been implicated in a communist conspiracy to destabilize the government.

There was little movement on human rights after that until the United States and other

Western nations began threatening last year to cut off foreign aid.

Some diplomats say they believe the Haitian government's fluctuation on human rights reflects a struggle between Mr. Duvalier and various aides and influential businessmen who believe that their positions and possibly the stability of the government may be jeopardized by loosening controls.

Mr. Mayer said a struggle "does not exist."

"The president decides policy," he said. "Liberalization has always been one of the constant parts of the policy of the president-for-life."

At the turn of the year, Mr. Duvalier began a series of trips into the countryside encouraging people to vote in elections for the National Assembly and giving assurances that there would be no government interference.

The elections were the first in memory in which there were no designated official candidates. Two-thirds of the 59 incumbents were defeated, but their replacements were politically indistinguishable from them.

In March, the president sent letters to the minister of justice and the heads of the security forces, including the Volunteers for National

Security, the militia that functions as an intelligence service.

Mr. Duvalier told the officials that he was trying to bring about "a liberal and democratic society" and that that demanded "respect for civil liberties."

In one letter, which, like the others, was published in newspapers and read over radio stations, he said "the police are strictly forbidden to physically torture or to perpetrate physical violence at the time of arrests, investigations, questioning and during detention."

In April judges in a northern town went on strike when military authorities refused to honor their order to release a detainee. The government saw that he was freed and the judges went back to work.

By then, diplomats said, criticism of the government and of conditions in Haiti had begun to appear in some newspapers.

In May riots broke out in five towns beyond the capital. Diplomats said contributing factors included a drought that reduced food supplies for an undernourished population, rising food prices and cutbacks in public works programs that added to the usual unemployment level of more than half the work force. Moreover, the

diplomats said, many people believed that, after issuing his letters, Mr. Duvalier would not permit the police to abuse them if they expressed their desperation.

At least three people were killed in the riots, but diplomats said they believed the government demonstrated restraint in restoring order.

Within a few weeks the government cracked down on the press, arresting Mr. Auguste, Dieudonné Fardin, editor of the weekly Petit Samedi Soir, and Grégoire Eugène, head of the small Social Christian Party and publisher of a weekly political journal, Fraternité. Mr. Fardin was released after a few hours; Mr. Auguste was beaten and released, and Mr. Eugène was placed under house arrest.

On July 4, diplomats said, Hubert DeRocery, Haiti's representative to the United Nations Educational, Scientific and Cultural Organization, who had criticized the government in interviews with European journalists and Haitian exiles, was also placed under house arrest.

Sylvio Claude, the leader of the Haitian Christian Democratic Party, went into hiding. [The police said Mr. Eugène and Mr. DeRocery were freed Sept. 23. The Associated Press reported.]

Thousands in Germany Join Protest of NATO

By John Taghlabuc
New York Times Service

FULDA, West Germany — A week of protests designed to disrupt North Atlantic Treaty Organization maneuvers has ended with an anti-nuclear arms demonstration by tens of thousands of people.

The police estimated that 20,000 to 30,000 people formed four human chains Saturday along roads linking Fulda with nearby U.S. military bases. Other protests last week, in which some demonstrators penetrated U.S. Army installations and damaged materiel, led to the detention of more than 100 people and touched off bitter recriminations that have soured relations between U.S. military commanders and local political leaders.

The week's activities also cast the role of the opposition Social Democratic Party within the anti-nuclear arms movement in a new light. Though pledging strict allegiance to the Atlantic alliance, the Social Democrats have moved increasingly in recent months to support the anti-nuclear movement, which has shown indications of decline.

Several hundred demonstrators gathered Saturday under sunny skies at Wildflecken, which has a population of 450, near a U.S. Army artillery firing range where on Friday the police arrested dozens of demonstrators who sat down on howitzer firing ranges. The protesters who gathered on Saturday heard speakers conclude from the growing military buildup in the Fulda area that the United States sought to transform NATO's defense doctrine into an offensive military strategy.

The Fulda area, a rural region of rolling hills and small farms, is of considerable strategic significance to NATO military planners. The Fulda Gap, a valley, faces the so-called Thuringian balcony, a panhandle of East German territory protruding into the West that has been long considered a possible staging area for a swift westward attack by East bloc forces intent on occupying Western Europe.

On Friday the interior minister of Hesse state, Hans Winterstein, responded to charges by Lieutenant General Robert L. Wetzel, commander of the U.S. Army's 5th Corps, that "anarchists and criminals" were damaging property by staying publicly that "we are the allies of the United States, not their vassals."

Mr. Winterstein, like Premier Holger Börner of Hesse, a Social Democrat, called General Wetzel's remarks "totally out of place."



A Soviet crew on Saturday laid the last rail in a new railway line across eastern Siberia.

Last Section of Track Is Put in Place For 2,000-Mile Railroad in Siberia

By Celestine Bohlen
Washington Post Service

MOSCOW — The last link has been laid in the Soviet Union's "project of the century," a 2,000-mile (3,200-kilometer) railway line from Siberia's Lake Baikal to the Pacific coast, the Soviet press agency Tass has reported.

The link of the Baikal-Amur Mainline, which runs through the rugged, mineral-producing zones of eastern Siberia, came Saturday, more than a month before its revised deadline, the Nov. 7 anniversary of the 1917 revolution.

However, Tass said that "full completion" of the railroad still lies ahead. Almost a third of the line is in use, Tass quoted the construction chief as saying.

Laying of the last section of track took place in the 544th mile of the route, on a woodland stretch at the "previously unknown" Baibukha station, Tass said. Official driving of a golden spike is scheduled for Monday.

Completion of the line, which lies north of the Trans-Siberian Railroad, is expected to have significant economic consequences for the Soviet Union. It is counted on to boost exploitation of coal, copper and other mineral deposits, open up new timberlands and spur Far East development.

The line is 111,000 miles north of the sensitive Soviet-Chinese border and will supplement the overloaded Trans-Siberian Railroad that closely follows the border for hundreds of miles.

The project was started in 1974 by President Leonid I. Brezhnev, reviving plans formulated in the czarist era and revived under Stalin. The original deadline was set for 1983, but conditions along the route, combined with reported management problems, set back the schedule.

Considered one of the world's biggest construction projects, the line passes through vast areas of permafrost in one of the world's most seismically active regions. It crosses five mountain ranges and 17 rivers, and has four tunnels, one 9.3 miles long.

18 Nations Agree to Curb Acid-Rain Pollutants

By Iain Guest
International Herald Tribune

GENEVA — Eighteen governments, including the Soviet Union and Canada, have committed themselves to a 30-percent cut in emissions of sulfur dioxide by 1993 in an effort to reduce pollution from acid rain. Britain and the United States declined to join the agreement.

The pledge was made at a meeting here last week of the 34-nation United Nations Economic Commission for Europe.

The meeting ended Friday with an agreement that follow-up discussions would be held on incorporating the 30-percent cut into the legal framework of the first Convention on Transboundary Air Pollution.

The convention was negotiated in 1979 under the auspices of the UN commission and now has 30 members, including the United States and the Soviet Union.

If the follow-up discussions are successful, delegates said, a new protocol could be signed in Finland next summer.

Delegates expressed confidence that the commitment by the 18 nations would bolster a growing international campaign against acid rain. This form of pollution, in which sulfur dioxide reacts in the atmosphere to form mild sulfuric acid, has devastated lakes and forests throughout central Europe and Canada and caused political division in both Eastern and Western Europe.

"There are enough governments involved to make a stable contribution to overall improvement," said Erik Lytkie, a director-general in Norway's Ministry of the Environment.

At the same time, delegates expressed concern that Britain and the United States might block agreement in the coming talks. Both countries have been blamed by neighbors for causing acid rain.

Harry R. Marshall Jr., a deputy assistant secretary of state for oceans and international environmental and scientific affairs, said

that while the United States "applauds" efforts to combat air pollution, there were still too many uncertainties about the cause of acid rain and its effects for it to endorse the 30-percent cut or the 1993 target.

Mr. Marshall added that the United States had reduced its emissions of sulfur dioxide by 26 percent between 1973 and 1982.

In a similar statement, Martin Holdgate, the British delegate, said that Britain accepted a 30-percent reduction "as an aim of policy rather than a formal commitment," but not before the end of the 1990s.

Britain has reduced sulfur dioxide emissions by 20 percent since 1980, but as in the United States, some of this decline is attributed to environmentalists' reduced production by industry. There was speculation that neither Britain nor the United States wanted to make a legally binding commitment that would curb industrial output.

The 30-percent cut was first proposed by Canada and the Scandinavian governments in 1983, after

studies showed that sulfur dioxide produced by coal-burning factories was a major cause of acid rain. The studies also found that acid rain could be carried long distances by winds.

According to Canadian estimates, 4.5 million tons of sulfur dioxide arrived in Canada from the United States last year. A Canadian delegate said that the damage caused by acid rain was equivalent to 8 percent of the country's gross national product.

A report by the UN commission this year warned that monuments and stained-glass windows throughout Europe were at risk.

West European countries agreeing to last week's commitment are Austria, Belgium, West Germany, Denmark, Norway, Finland, Sweden, Switzerland, France, Luxembourg, Liechtenstein, Italy and the Netherlands.

Sweden holds Britain partly responsible for the fact that 18,000 of its 96,000 lakes can no longer support fish.

The divisions are equally acute in Eastern Europe, where air pollution appears to have put the Soviet Union at odds with its allies.

This year, according to Soviet delegates, industry in the Soviet Union will produce 25 million tons of sulfur dioxide, of which all but a million tons will drift eastward to Siberia and fall on Soviet territory.

Four and a half million tons will be carried into the Soviet Union from Czechoslovakia, East Germany, Poland, and Hungary, where industry is still largely dependent on high-sulfur coal.

The increase in air pollution caused by its neighbors gives the Soviet Union an interest in international controls. It has been joined in endorsing the 30-percent cut by East Germany, Bulgaria, and Czechoslovakia.

Opening of Grenada Airport
The Associated Press
ST. GEORGES, Grenada — Grenada's international airport will open to civilian aircraft Oct. 28, the government announced.

Priests Formally Regain Sikh Shrine

By William K. Stevens
New York Times Service

NEW DELHI — The government has formally handed over control of the Golden Temple, the holiest shrine of the Sikh religion, to a committee of five Sikh priests.

It was announced last week that all troops had been withdrawn from the temple, but the last token group of soldiers withdrew Saturday.

R.V. Subramaniam, an adviser to the governor of Punjab, K.T. Sataravala, handed over the keys Saturday to the Toshkhana, one of the major shrines in the temple complex, and Sikh worshippers were allowed in. In a symbolic act, priests began a continuous recitation of the Sikh holy scriptures inside the Akal Takht, the temple headquarters.

The priests operated the temple

in Amritsar before the Indian Army invaded it June 5 to dislodge Sikh militants, with the loss of at least 600 and perhaps as many as 1,000 lives.

An official spokesman said Saturday that most of the army troops sent into the state of Punjab on June 2 to combat Sikh guerrillas had returned to their posts in other states. He said the only troops remaining in the state were those normally stationed there.

The army does not disclose troop deployment figures.

The Akal Takht, which was severely damaged by gunfire, has been reconstructed in the last few weeks by members of the Nihang sect of Sikhs in defiance of orders from the temple's high priests. The priests charged that the Nihangs were acting as agents of the government.

Baba Santa Singh, the Nihang chief who supervised the reconstruction, on Saturday castigated the temple priests for having al-

lowed militants to take over the temple and use it as their base.

The temple priests had vowed to tear the Akal Takht down again if the Nihangs rebuilt it. But Saturday the head priest, Jathedar Kirpal Singh, consecrated the reconstructed building by washing it with milk mixed with water from the temple's holy tank, or pond, which surrounds the inner temple.

The act was taken as a sign of reconciliation on the part of the priests.

Punjab is nearing the end of a full year, on Oct. 8, under direct administration by the central government in New Delhi, and normal political processes remain suspended. Press censorship in the state was extended for two more months on Saturday. Foreigners, except for a few relatives of Punjab citizens, are still forbidden to enter the state.

The leaders of Akal Dal, the Sikh political party that started agitation for greater Sikh autonomy, remain in jail.

Unusual Flood Washes Away Oregon County's Prosperity

By Wallace Turner
New York Times Service

LAWEN, Oregon — People tended to look away from the natural disaster as it advanced on the flourishing ranch life around here. Certainly they hid it from strangers.

Shirley Moore, who runs the Lawen post office and general store, said: "When we moved in last spring, it wasn't a week until people began to tell me they were moving out because of the high water. That was the first I heard about it."

Most of her customers have

moved away. Now the solid, 80-year-old store building where Mrs. Moore and her two older sons live has started to twist apart as water causes shifts in the soil. The basement is flooded. The toilet is about to quit as rising water invades the septic-tank field, and her well water is almost unusable.

Down a nearby road, a power substation sits flooded and idle and the roadway disappears into a lake. For miles and miles, ranch buildings just up from the waters of the Malheur and Harney lakes, which spread after a series of unusually wet years. Combined, the lakes

now cover about 160,000 acres (64,000 hectares). In past years they covered 45,000 acres.

Because the water rose gradually over six years, ranchers were unable to collect on insurance, nor have they been able to get federal disaster-relief programs for flood victims.

"Sudden" is a word that appears in definitions of disaster, and there has been nothing sudden about the calamity here.

The Lawen school that was withstanding in walking distance for Mrs. Moore's two girls was closed in May because the waters of Malheur

Lake had flooded its grounds. The girls have gone to live with their father while he fulfills a highway maintenance contract 100 miles (162 kilometers) west of here and lives in a house trailer near a school.

Until the water level began climbing in the late 1970s, a thriving cattle ranch community existed on the floor of a prehistoric lake that the centuries had reduced to two marshes.

One, Harney Lake, which was usually so dry it was a source of dust clouds when the winds rose, lies to the west and is joined by a narrow channel to Malheur Lake, which was full of reeds and, in season, of migratory water fowl. The Malheur National Wildlife Refuge was established there by President Theodore Roosevelt.

In 1973, Don Obie borrowed the money to buy the Thompson Ranch. He had 1,800 acres of hay meadow in the old lake bottom for winter feed for his 700 cows.

"I tell you what I had," he said. "And I tell you what I got left. I was offered \$1.3 million for my ranch in the spring of 1979, by this realtor with his buyer with the money," he said. "I was too smart to sell. And I'm broke today. That's how simple it all is."

Water now is four feet (121 centimeters) deep in his home and

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☐ My check enclosed (For card charges see below)

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Address _____
City _____ State _____ Zip _____

Or charge to my: ☐ MC ☐ VISA ☐ AE ☐ DC

Card # _____ Expires _____

Signature _____

After the Euphoria

Howell Raines, in "Staging Reagan: The Campaign as Ad Campaign" (Sept. 24), asserts that Walter Mondale's "issue" campaign is old hat and that Ronald Reagan's "politics of mass communications" is the wave of the future.

But once the artificial euphoria disappears and the economic realities emerge, people will again return to the issues.

SCOTT GORDON,
Freiburg, West Germany.

The Proper Honorific

The fact that I disagree with William Pfaff's contention (in "A Meeting Held to Hold a Meeting" Sept. 24) that Reagan-Gromyko and Mondale-Gromyko meetings would be useless is almost beside the point. What struck me was the seeming assertiveness of the writer in speaking of "Senator Mondale."

While Walter Mondale was indeed a senator, it is incorrect form to refer to him as "the senator" and "Senator Mondale." He was elected vice president in November 1976 and has not since returned to the Senate. He should therefore be referred to as "Vice President Mondale," "former Vice President Mondale," "Walter Mondale" or even "Fritz Mondale."

This improper application of honorifics does not lend credence to the writer. Rather, it makes him seem out of touch with contemporary events — as out of touch, say,

as someone who would suggest in a nuclear age such as ours, that a meeting, however symbolic, between representatives of the world's two most powerful nations could be anything as useless as "a meeting held to hold a meeting."

ALLEN FEUER,
Paris.

What Sacrifice?

In response to the opinion column "A Salute to Candidates Hard Done By" (Sept. 1):

Easy on the five and drum, will you? I read David S. Broder's fairy-tale theory of what great and selfless people are candidates for and it runs this way: Candidates for office are not much different from anyone else. What differences exist are nothing to brag about.

Only in fairy tales does fortune, favor the virtuous. A man of Mr. Broder's age should know that.

Still, why should these wealthy, comfortable achievers let themselves in for so much grief? Why should they endure the abuse of a thankless public? Could money, power, privileges and recognition have something to do with it?

GRAHAM BETTS,
London.

The Fight Against Drugs

Regarding the series "A World of Drugs" (Sept. 18-20) by Joel Brinkley and Alan Riding:

It is safe to predict that if the U.S. Drug Enforcement Adminis-

tration continues its efforts for another 20 years — even with vastly increased funding — it will not make 10 cents worth of difference.

An item in the April 7 "American Topics" column stated that the biggest cash crop in the United States in 1983 was marijuana. The estimated value of this crop was almost \$14 billion, tax-free.

Al Kamen of The Washington Post reported July 2 that a U.S. district court judge, William B. Bryant, refused to send a midlevel female drug addict to jail because he saw no point in doing so. The judge said that one answer would be to legalize heroin for addicts.

"The only answer is that she be able to get whatever she's addicted to — that's the answer — without resorting to crime."

N.R. Kleinfield, in a Sept. 18 report, "Liquor Industry Responds to New Sobriety in U.S.," says that America is drinking less.

Prohibition had to be repealed because it was unworkable and generated vast illegal fortunes. But in the nearly 51 years since repeal, Americans have not drunk themselves to death.

The only long-term answer to the problem of dangerous drugs is legalization and standardization — in other words, stable control on exactly the same lines as those on tobacco and alcohol. This achieves two immediate results: It wipes out the organized crime often behind the industry and it raises enormous revenues in taxes.

PAUL McNEILL,
Freiburg, Switzerland.

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18.00	SKY MUSIC BOX PREMIERE
18.30	SKY-FI MUSIC
19.00	GREEN ACRES
19.30	THE BRADY BUNCH
20.00	THE GREATEST AMERICAN HERO
20.30	WAYNE & SHUSTER
21.00	ROVING REPORT
21.45	THE UNTOUCHABLES
22.00	ICE HOCKEY
22.45	SKY MUSIC BOX

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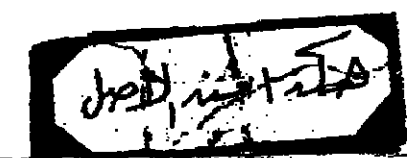
WORLDWIDE ENTERTAINMENT
LE PLUS CELEBRE CACARET DU MONDE

LIDO
COLORED

20 h Diner dansant
Champagne et Revue
400F
22 h 30 et 0 h 30
Champagne et Revue
275F

PHIX NETS
SERVICE COMPRENS

216 bis Champs Elysees, 587 21 bis Avenue

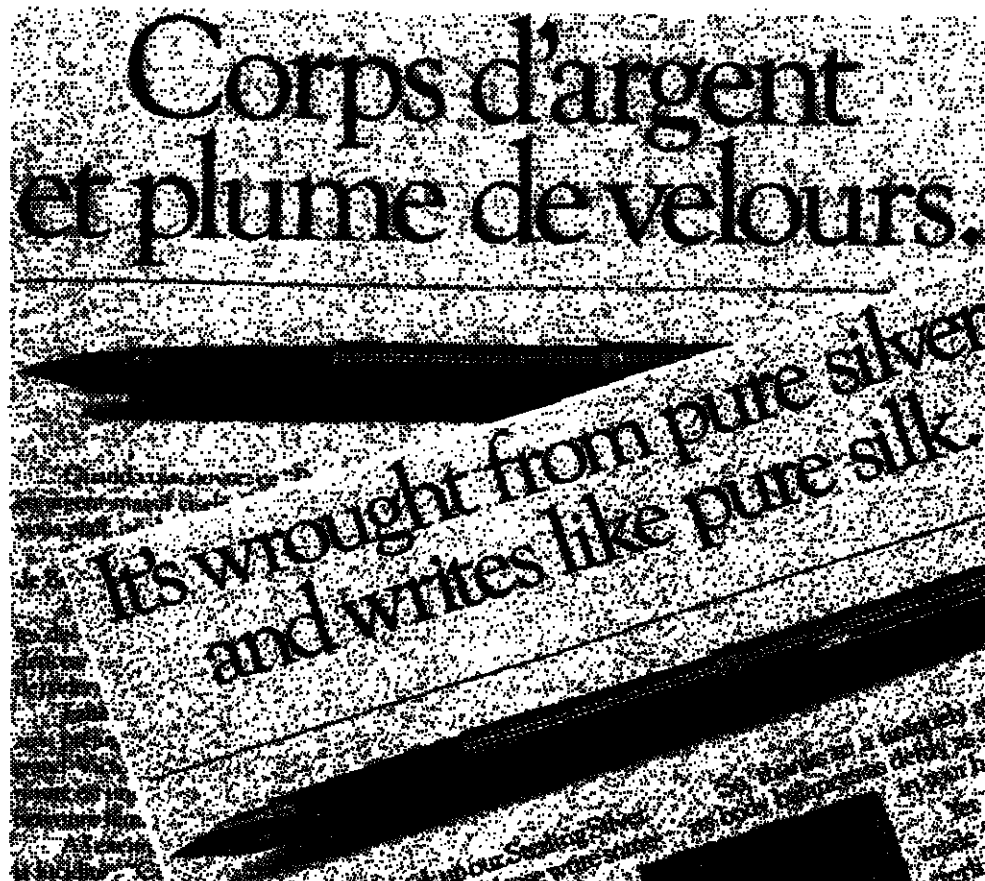


INTERNATIONAL ADVERTISING

A SPECIAL REPORT

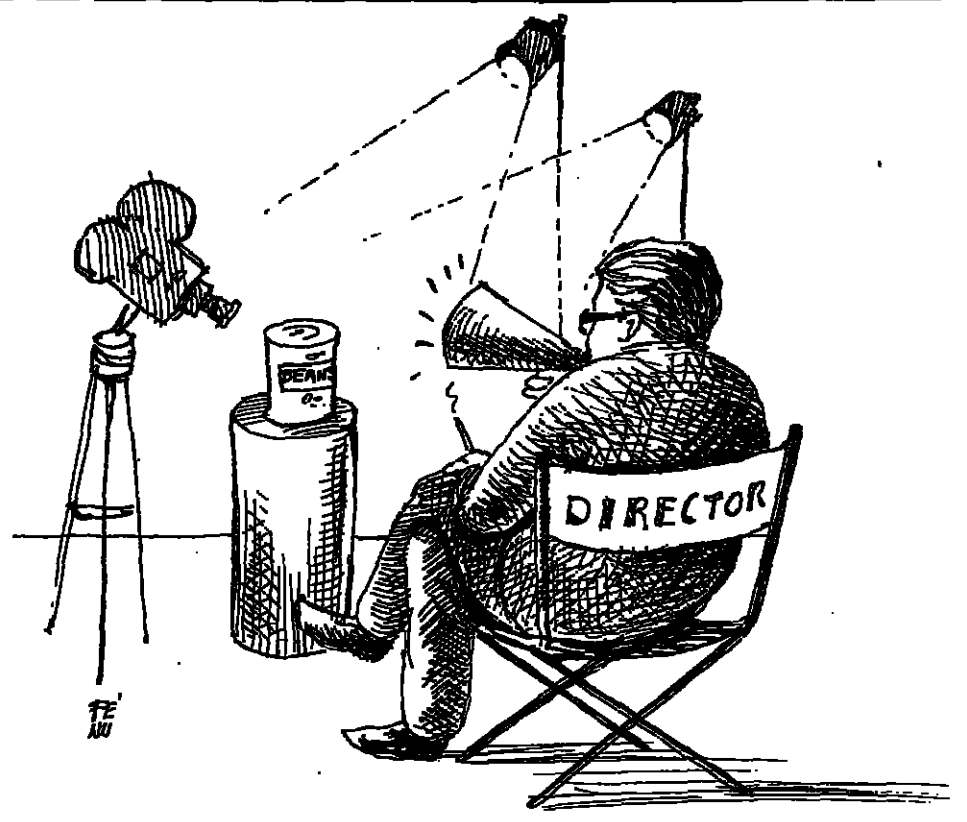
MONDAY, OCTOBER 1, 1984

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Subtle differences: Parker pen campaigns in France and the United States.

SHORTLY AFTER people invented the widget, they invented advertising campaigns to draw down their widget inventories. Now we have the world widget — products such as soft drinks, cigarettes, blue jeans — and so, perhaps, the international advertising campaign for widgets. The concept of "world brands" is not without controversy, and it has been discussed at length in newspapers and magazines recently. Some people in the advertising and marketing businesses are hailing world brands, and international advertising campaigns, as a revolutionary concept; others are saying the idea is not really new, and is being oversold. There are undoubtedly brands that sell internationally, but can they be sold internationally with the same campaign? Can one consider an advertising campaign with minor variations from country to country (slightly different pictures, slightly different texts) a truly international campaign? Is the world ever one mass market?



The First Question: Does It Exist?

By Tom Sutton

Levitt on World Brands

THEODORE LEVITT, a "guru" of marketing theory for 25 years, has long been an admired and controversial figure in business circles. But he has never been as widely criticized as in the months since his latest book, *"The Marketing Imagination,"* was published late last year. In that book, Mr. Levitt predicts increasing growth of standardized, "global" commercial products that can appeal to common wants of people around the world, and argues that this "globalization" of business is likely to have enormous impact on worldwide marketing. Mr. Levitt, professor of business administration at Harvard Business School, recently defended his theory and talked about the worldwide marketing environment in an interview in Boston for the *International Herald Tribune* with a *Washington Post* staff reporter, Merrill Brown. Excerpts from the interview follow.

Question: Define your notion of the global market.

Answer: A global market is a market that is or is becoming one all over the world or in substantial major segments of it, identical or similar in terms of what it is that people want in connection with

certain products, their features, functionality, design, how they are delivered, roughly something about the price.

There are lots of product categories for which we've historically had them. One was the category of... (Continued on Next Page)

PARIS — The best estimates of the sum of advertising expenditures around the globe now exceed \$130 billion a year. While such large financial support to inform people about products and services and to persuade them to buy should be evidence enough that advertising has developed a strong voice internationally, a closer look must raise some questions and doubts. Is international advertising real or a phenomenon of the imagination; is it fact or fiction?

Doubts about its reality, in spite of the \$130 billion a year, start coming to mind as one ponders the paradox that in an ever more international, interdependent world we are encountering increasing examples of people seeking independence and differentiation.

To the more than 1,000 delegates at the 29th congress of the International Advertising Association in Tokyo, international advertising is real. Their daily work — as advertisers, advertising agency professionals or in the media — puts them in the forefront of communicating with consumers across the world. A comparison of their congress agenda with that of the first such global gathering in New York 35 years ago shows that considerable strides have been made and higher levels of professionalism and sophistication attained. The agenda also reflects technical advances that were unthinkable in 1949.

But this is only one side of the picture. It must be borne in mind that all professional endeavors of the congress participants are directed toward consumers throughout the world. Except to the extent to which those attending the meetings in Tokyo are themselves consumers, the targets of their efforts are not present. Most of them, whether consumers in developed markets or in Third World countries, have never heard of international advertising.

They are local individuals with their own minds and wills. They harbor the conflicting characteristics of being conservative, seeking conformity, as well as being "revolutionary," desiring to break away from set patterns. Thus, at times, by wanting to be different from their neighbors, people react against the influences of affluence, modern communications and transportation that tend to bring consumer societies closer together and make them more alike.

As consumer products attain greater parity of quality, and as choice, while large, conforms more and more to similar patterns throughout the world, the consumers themselves try to break out of the mold; they look for ways to express their individuality. In affluent countries there has been talk, and

not only talk, of "tailor-made, individual mass production"; and national markets are increasingly fragmenting.

As an aside, it may be interesting to consider whether greater internationalization may not be a factor contributing to the rise of nationalism in so many places, with the people of Wales fostering the language, hymns and other traditions that make them distinctive, and with many Canadians and Australians wanting their own flags and national anthems in place of the Union Jack and "God Save the Queen."

Therefore one must ask whether in a world in which people are individuals of various makeups and cultural backgrounds, there is a place for international advertising, which, on the face of it, is meant to appeal to people similarly in any country. By the most precise definition of the word "international," the answer has to be "no," for in the strictest sense advertising is a local matter, as it is addressed to consumers who all have local roots. However, scientifically target groups and the media to reach them may be chosen, in the end the groups are made up of individuals. They live in a

(Continued on Next Page)

TOM SUTTON is chairman of EA International, which is J. Walter Thompson's European-based second agency network.

A QUESTION FOR THE ADVERTISER WHO'S DECIDED TO TAKE ON THE WORLD...

ISN'T THIS THE COMPANY YOU SHOULD BE KEEPING?

33 Countries/1911	18 Countries/1917	12 Countries/1929	38 Countries/1930
23 Countries/1938	11 Countries/1940	33 Countries/1940	50 Countries/1942
12 Countries/1947	24 Countries/1950	32 Countries/1951	30 Countries/1954
24 Countries/1962	16 Countries/1965	12 Countries/1966	23 Countries/1970
18 Countries/1971	21 Countries/1971	39 Countries/1973	23 Countries/1974
26 Countries/1977	12 Countries/1979	26 Countries/1981	25 Countries/1983

McCann-Erickson represents these 24 advertisers in more than 10 countries. We work with 41 of our clients in five countries or more.

You've just taken a quick trip through the World of McCann-Erickson Worldwide.

111 offices in 65 countries—75 of which we own outright.

One of the top 5 agencies in 31 of the 47 countries where the figures are reliable. And since we've been in 27 of them for more than 20 years, we're hardly what you'd call Johnny-Come-Lately.

But most of all our world is the world of the Clients you see here. With some of them we go back 30 years or more, with many we work in 20 markets or so. And all of them in their different ways have helped make us what we are today—the world's most experienced worldwide agency.

We're very proud of that list—so proud we'd like you to take the time to do one small thing for us.

Compare our

Client list with what your present agency has to offer. See who they work for—and for how long.



To coin a phrase—we believe an Agency should be known by the Companies it keeps.

If you'd like to know more about McCann-Erickson, there's a lot more we'd like to tell you about the way the world is going. We've put some of it into a booklet called "Six Questions for the Advertiser Who's Decided to Take On the World", and if you write to Bill Mackey, our Chairman and CEO, he'll be delighted to send you a copy. The address is 485 Lexington Avenue, New York, NY 10017.



We Build Brand Franchises.

McCANN-ERICKSON WORLDWIDE

A SPECIAL REPORT ON INTERNATIONAL ADVERTISING



The language may change, but Coca-Cola sticks to its theme of youth in its global advertising campaign.

The First Question: Does It Exist?

(Continued From Previous Page)

given locality: they are exposed to advertising in their homes, in their cars, in trains, in offices and so on. The consumers care only whether the advertising relates to their personal situations and offers information of benefit to them.

Since purchasing is local, from the consumer's viewpoint advertising is strictly local too. This does not, however, mean that the advertisement cannot be created elsewhere — it often is, with great success. As genuinely new ideas and innovative basic approaches are rare anywhere, multinational marketers and advertisers frequently syndicate success from one country to another. Thus we talk of international advertising even though those to whom such advertising is addressed are almost never aware of its points of origin; as long as it is pertinent to their situations and needs they do not care whether the messages are created in Paris, Düsseldorf, New York or Rio de Janeiro. In the final analysis, the term "international advertising" is a linguistic fiction.

Yet this fiction can be employed usefully as long as one remains aware that it is an expression that does not contain the full story.

The term "international advertising" is given a further shade of ambiguity insofar as its interpretation depends upon where one's feet are planted at any given moment. Those Philips employees living in Eindhoven use it when speaking of advertising outside the Netherlands; for Nestlé executives in Vevey it is advertising outside Switzerland. To all of them, however, it is multilateral advertising.

Generally speaking, the concept of international advertising implies that the same or similar advertising is used in various countries. But this need not be so.

My own experience has been that as a rule good advertising ideas or campaigns that have proved themselves in one country are transferable. Before being used in another market, however, they need careful testing there and most likely will require some adaptation to the local culture and marketing circumstances. Yet if successful in one market they will probably lead to success elsewhere.

The words "if successful in one market" are paramount. The most effective advertising is usually brought about when the creators address themselves to specific audiences with whom they are familiar and whose needs they understand. The syndication of local success is more likely to lead to the attainment of marketing and advertising goals elsewhere than the creation from scratch of so-called global campaigns that are directed to consumers in the world at large.

Looking at some "global" advertisements in international

publications, particularly institutional and corporate ones, one wonders who the copywriter had in mind as an audience. Sometimes they seem to be aimed at some stateless, faceless collage of Everyman. With such unclear targets, it is hardly surprising that the messages often seem diffused. Most likely those who created such advertising forgot that "international" is a convenience term, an abbreviation, and with that they forgot to think of the target groups in terms of the needs and desires of specific individuals. The key is that international advertising is not "shouting at the world," but skillfully applying internationally the language found effective in talking to consumers locally — that is, speaking plausibly to one person at a time.

Still, developments elsewhere that are anything but local may be influencing consumers to an even greater degree. Satellites, mass communication and fast transport have shown themselves to be great equalizers. Thus, although consumption decisions are local, they are more and more related to trends likely to have started in other parts of the world. Just as the Hula Hoop and skateboards became popular among the young of many nations, so are ready-to-eat cereals, deodorants and instant noodles catching on in families in different markets.

If we accept the view that international advertising is not "shouting at the world," how do we position it? Is it fact or fiction? My verdict is that it is both. By the strictest analysis, and from the consumers' viewpoint, it is fiction, a convenience

term to describe the combination of advertising in different localities throughout the world.

On the other hand, multinational marketing is growing rapidly and consumption is moving toward international norms so that syndication of successful advertising to other markets is fast becoming more common. Pragmatically and from the strategists' viewpoint, therefore, international advertising is fact.

Thus it is understandable that, in the decades since World War II, systems to ensure that multinational advertising is effective and cost-efficient have sprung up all over the world. Advertisers have "world coordinators" and "international advertising directors"; advertising agencies have built networks covering the globe; publications are printed in different locations simultaneously; television is received via satellites. Perhaps most important, advertising people from free-market countries talk to each other constantly. They travel extensively and meet at conferences to exchange information in a resolute endeavor to improve their know-how and skills and to raise the level of professionalism.

Hence, irrespective of whether international advertising is fact or fiction, or both, it is here to stay and to enjoy further healthy development. The future holds out the promise of stimulating challenges and rewards in the marketplace to those able to reconcile the needs of local individuals with the probability of higher quality of concepts and execution, and with the economics of scale, that are some of the benefits of marketing and advertising multinationally.

Triad Theory: How to Be Everywhere

By Kenichi Ohmura

TOKYO — A new form of multinational corporation is emerging. I call it a "triad power" because it derives its strength and advantage from being in all three major developed regions of the world — Japan, Europe and the United States.

A major factor in the emergence of triad power is the enormous, increasingly homogeneous market for consumer and industrial goods in developed countries. Eighty-five percent of all computers are sold in the United States, Japan, West Germany, France and Britain. By 1985, about 75 percent of all machine tools will be sold in those five countries. Eighty-five percent of all consumer electronics goods are sold in these same countries.

The convergence in tastes and demands represents an

opportunity that must be seized. Even the United States is often not a large enough market to make up for the escalating development and automated-production costs of many new products. Not only must companies capture markets worldwide to cover their investments, they must do so at the same time that they capture their domestic markets. Competitors in foreign countries can copy and improve new products quickly today because they have access to underlying product and process technologies and have organized themselves to react quickly. This means companies have to be true insiders in all three regions of the triad. If you are in

(Continued on Page 15)

Kenichi Ohmura manages the Tokyo office of McKinsey & Company.

Levitt on World Brands

(Continued From Previous Page)

of natural commodities, like minerals, grains, tea, coffee and noble metals. That was followed pretty quickly by certain manufactured products, the best known of which was the sewing machine, particularly Singer's. You could find it in the deepest recesses of Africa and the jungles of Brazil because it did mechanically faster and more reliably something people were doing for centuries by hand.

That's what we have in the newest high technologies, where we talk about computers, electronics, medical diagnostics and telecommunications. All those people speak the same language of science and engineering because their training was the same. That's how products become globalized historically. Now they go to the same trade shows and conferences.

Chinese food, or bagels, or pita bread, all these things push themselves into other parts of the world where presumably people's preference structures about things like food are the most intractable.

Q: How do you respond to critics who consider globalization just another example of American cultural imperialism?

A: It's not cultural imperialism. There are obvious problems when nations feel they are overwhelmed by barbarians. But one man's barbarian is another man's liberator in some ways. When Mozart was brought to the U.S., what was the presumption? Why didn't they call that imperialism? Why are the Boeing airplanes not called imperialism? Why does Air France, a nationalized industry, buy Boeing airplanes instead of the Airbus? That's just dumb talk by people who have no sense of history and no sense of logical consistency.

Q: At one point in your book, you quote a sociologist as talking about the global product concept's translating also to social and political changes. What do you think?

A: There is a lot of evidence to suggest that industrialization causes changes other than economic changes. We can see that everywhere. It can be a liberator or it cannot be a liberator. Everybody agrees that the electric light is a marvelous instrument. It brought people out of darkness. It extended the family hearth. But the electric light bulb is also used to show pornographic movies, and I happen to believe that public pornography is a cancerous danger to this world. Airplanes can take you to marvelous places to see the past; they can also drop bombs. The refrigerator can freeze junky fast food, as well as blood plasma to save your life. There is no presumption that technology, to the extent it may be liberating, may not also be the opposite, confining, constricting.

Q: Will the so-called developed world's social structures follow its products around the world?

A: There are inevitabilities that follow. It is not inevitable that divorce rates rise or that the number of single-parent homes increases. My hope is that, as with most sudden and rapidly accelerating drifts and shifts in social practices, mores, and value systems, that they are temporary, they will not endure. They will consume themselves of their own escalating rapidity.

Q: What does the decline of the global conglomerate, such as ITT Corp., say about "globalization" or the international corporate structure in general?

A: I don't know. Do we see a collapse? You don't see Siemens falling apart. Take a look at General Electric. GE is the most powerful and successful of the American conglomerates. It's the biggest plastics company in this country. It's first or second in the jet engines business. It's the largest single industrial finance company. It's in lots of different businesses. We don't call it a conglomerate.

ate, because it's been around. It wasn't created during the age of conglomeration. ITT is just like those other social phenomena. Anything that grows that rapidly that diversely and with that intensity is unstable. GE was built up over time, a long period of time, with strong internal management development systems.

Q: What does the increasing globalization of markets foretell, then, about the shape of large corporations?

A: That's the interesting question. It foretells something also about very small ones. One of the barriers to companies' becoming effective global competitors is that internally they're structured to be multinational competitors on the assumption that goes back to the original notion about the marketing concept: Look at different segments and make things according to the needs and wishes of those different segments, as opposed just to making things and trying to sell it to everybody.

If I am correct, the multinational structure of the organization is obsolete. My most severe critics tend to be people who live in the multinational structure because from their point of view they see each nation as being different. They are right; each nation is in many important respects different. They are organized to see the differences, to be customer-responsive and difference-responsive in those nations, not to see the similarities and the merging commonalities.

What it means for the corporation is that there will be greater centralization, more decision-making at the core, rather than at the tentacles, with product and other organizational, distributional and human adaptations at the tentacles. And that's very distasteful for people to hear.

Q: Does it mean larger or smaller corporations?

A: The smaller ones, in order to be successful, must be larger, because nobody is exempt from global competition. If somebody in Lyon has a distilling operation, a small shop with 50 people, and historically has sold certain specialty Paris to Renault, and if somebody from Brazil comes to Renault and offers that product for less, those old relationships among the French — where they went to the same school and go to the same vacations together and know each other's families — those relationships break up there just as they have in Indianapolis with respect to Detroit.

Whether the large ones will get substantially larger, that is questionable because the management of scale is increasingly more difficult. That is why we have decentralization. GE is really much more than one company.

Q: Why don't global markets mean less competitiveness and potentially higher prices?

A: It's pretty obvious you see more competitiveness. People have yet to argue persuasively that the globalization of the automobile industry, which is mainly of Japanese origin, has led to less competition. It's led to more. Same thing in the steel industry. Computers, medical diagnostics, foods — all more competition. Where is the less? I have yet to see the example.

Q: The globalization concept disturbs people not only because it can come across as a form of imperialism but also because of what it suggests about a potential accompanying loss of cultural and ethnic identity. Does that worry you?

A: Let's make a distinction between what I'm worried about because of my own personal preferences and what I think will happen. I think it's entirely likely, indeed very probable, that what we will have as this globalization business unfolds is an intensification of ethnic identities around the world and at the same time a destruction of certain ethnic distinctions and distinctiveness.

THE FRENCH WEEKLY BUSINESS MAGAZINE.

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And What About the Consumer Who Brushes His Teeth With Shampoo?

By Rena Bartos

NEW YORK — It is axiomatic that ultimately each advertisement communicates with individual consumers one at a time. This is equally true of a limited local advertising program or a far-flung multinational campaign.

The key to effective multinational advertising may lie in the difference between the concept of "international" and "multinational." The first describes links or channels between nations; the second describes the multiplicity of nations. Since advertisements communicate with individual consumers one at a time, it is essential to consider the national cultural contexts within which consumers hear or see advertising images and buy or use products.

In national or multinational advertising, the essence of relevant communication is understanding. In order to communicate we must listen. We must learn how consumers live, what they believe, what they aspire to, and the cultural context of their lives. On the one hand, we must try to identify the universals, because many universal human emotions and needs transcend national boundaries. On the other hand, we must be sensitive to cultural differences. We cannot take a rubber-stamp or pattern-book approach to multinational communications.

In recent years, there have been some profound changes in consumer lifestyles in the United States. The changing role of women, the aging of society, the trends toward delayed marriage, no marriage, fewer children and single parents, as well as the impact of the Baby Boom generation, have redefined the consumer marketplace. In many cases we see parallel developments in other countries. But, even as we compare the differences and similarities of consumers in one country to those in another, we would be making a grave mistake if we assumed that the U.S. model would take root in other countries in an identical fashion. Even if some demographic patterns and surface manifestations appear similar, this does not mean that trends in other countries will have the same character or occur with the same intensity or at the same pace as they do in the United States.

We should not confuse apparently similar behavior with similar motivations and attitudes. For example, the flood of women entering the work force in the United States has been termed the outstanding phenomenon of the 20th century. We can compare the proportion of women working from one country to the next. It is relatively easy to obtain statistics on the number of women in the work force in countries around the world. Their motivations for work and their perceptions of their male-female role, however, may vary widely from one culture to another.

In 1976, the American Marketing Association conducted a study tour of three countries in Eastern Europe. In Budapest we met with high-ranking commissioners of finance, consumer affairs and so on. One of the Americans asked how many Hungarian women were in the work force and how this affected marketing and advertising in their country. The commissioner of consumer affairs — a woman — answered that

90 percent of the women in Hungary go to work and that they all have three jobs: they do their paid work, they keep house, and they bear and rear children. I commented that we have had more of a social revolution in the United States because there is a move toward sharing of home responsibilities and a sense of partnership among working couples, particularly among the young. There was a moment's silence. Then one of the male commissioners said: "Let's face it. We're all a bunch of male chauvinist pigs!"

J. Walter Thompson recently conducted a study of the women's market in Australia. Women's aspirations and attitudes toward achievement and self-fulfillment were parallel to those of women in the United States. At a seminar in Melbourne at which I had shown some U.S. advertising, however, a man in the audience accused me of anti-male bias because one of the commercials I showed featured a young father diapering a baby. This particular execution elicits warm approval in the United States. It was apparently shocking to the men in Melbourne.

In Japan more than half of the women work. For the most part, however, they are in lower-level job categories and tend to be subservient to their male colleagues. They are not visible in the executive suites. On the other hand, Asian women in Singapore are very visible and have career opportunities similar to those of men. A Japanese woman who lives in Singapore is chairman of a major company there. She is married to a prominent Chinese man. She explained the difference by saying that "the Chinese treat their wives as partners."

Some activities and product categories cut across national boundaries. International travelers, customers for expensive watches and consumers for computer technology may have more in common with their opposite numbers in other countries than they do with consumers at lower socioeconomic levels in their own countries. For these international affluents, the world really is a global village, at least in relation to nonpersonal products and services.

While a strong case can be made for regional or national positioning of certain culturally linked products, the opposite is true for those that market to the same people in many parts of the world. A few years ago an international airline decentralized its marketing and advertising efforts. Thus, the same traveler might see one advertising approach in Germany or the United States, another in Australia and still another in Brazil or Argentina. Instead of building a cohesive set of impressions from market to market, this multiplicity of approaches diffused the potential impact of the advertising investment.

I have observed that some product categories and areas of human behavior are more culturally linked than others. I believe that people's feelings about the products that they swallow, such as food and drink, or that they put in their mouths, such as toothpaste or mouthwash, or that they put on their bodies, such as toiletries, deodorants and lotions, are likely to be deeply rooted in cultural traditions.

Much of the soft-drink advertising in the

United States shows the beverages as the natural accompaniment to food. This may be appropriate to consumers in countries such as Mexico or the Philippines where soft drinks are an accepted part of meals. But in wine-drinking cultures, such as Italy or France, or in beer-drinking cultures, such as Bavaria or Belgium, the association of soft drinks with meals is inappropriate or unappealing.

Do people use personal grooming products such as mouthwashes, breath tablets or deodorants, because they are concerned about offending others or because of a sense of personal comfort or well-being? These different motivations for personal grooming are strongly related to the self-perceptions of consumers in different cultural contexts.

The dynamics of social change and the dynamics of new technology directly affect consumer lifestyles. Consumers in many countries listen to the same kind of music, wear the same kinds of blue jeans, drink the same brands of soft drinks, go to the same kinds of fast-food restaurants, smoke the same brands of cigarettes and drive the same makes of cars.

The paradox of mass communication is that, even as the multinational advertiser strives to be sensitive to the nuances of national cultures, the technology of mass communications enters the dialogue with the consumer and changes the cultural context. For example, in France, where "a meal without wine has historically been considered as uncivilized, if not unthinkable," according to a recent *New York Times* story, there are two contradictory trends: concern about health and diet has sparked a move toward soft drinks, fruit juices and mineral waters. At the same time, there is a move away from aperitifs toward mixed drinks made with gin and vodka.

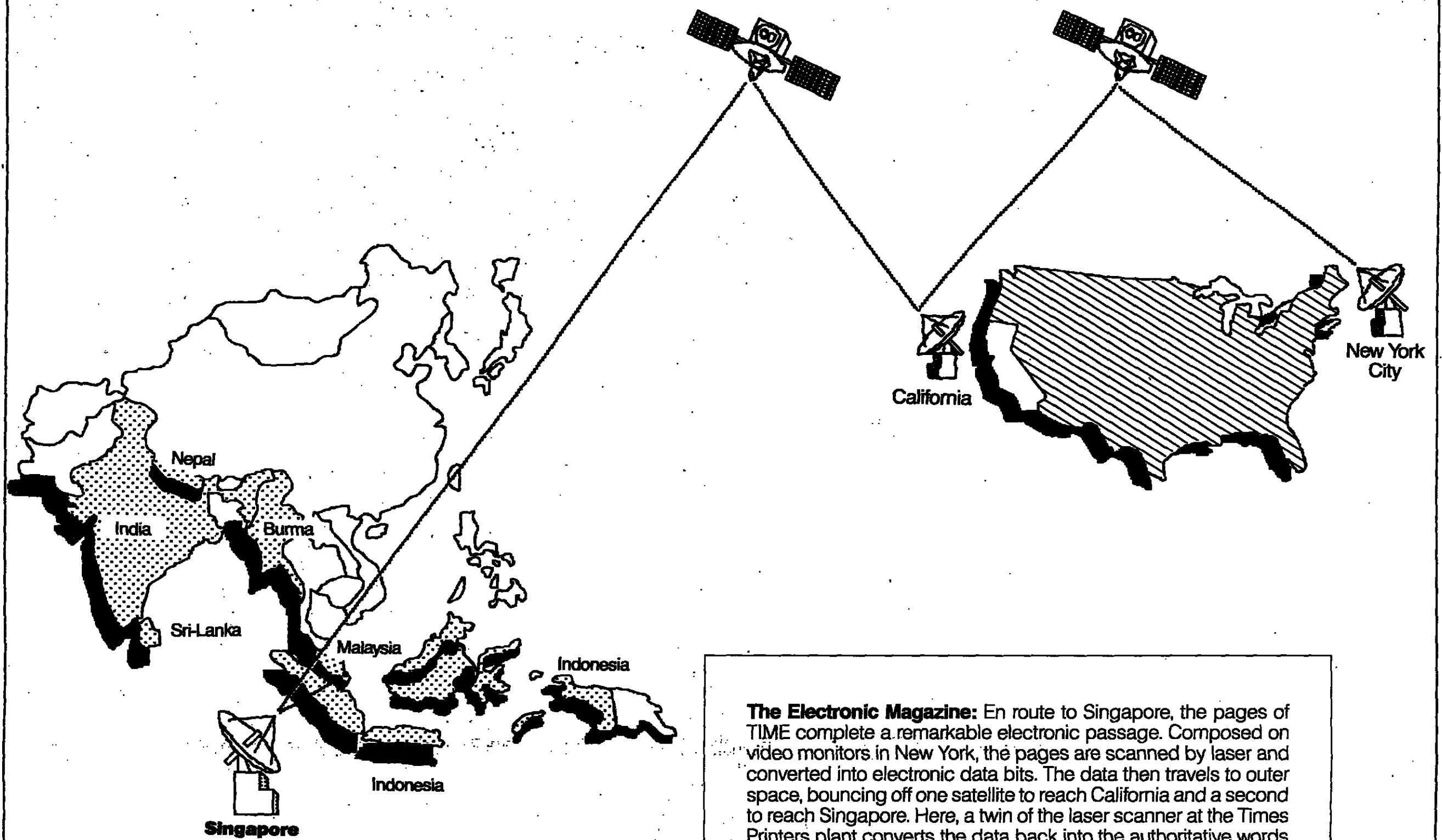
Finally, even if consumers buy and use some of the brands of products, it may not be possible to advertise those products in precisely the same way in every country. First, there is the simple matter of semantics. Spanish is the common language of every country in South America but Brazil, yet, unless care is taken, a perfectly acceptable Spanish phrase in one country is perceived as an obscenity in another. Someone has said that the United States and Britain are divided by a common language. Certainly, the tone of much advertising developed in each of these English-speaking countries is inappropriate for consumers on the other side of the Atlantic. Much of the charm of British advertisements lies in a certain amount of understatement, but many of their puns and local references have no meaning across the water. By the same token, much U.S. advertising seems either overly explicit or embarrassingly sentimental to a British audience.

The only constant in the world of multinational advertising is change. Consumers are changing. Markets are changing. The cultural context is changing. But the flip side of the change is opportunity for the marketer with the courage and the vision to seize the challenge.

Rena Bartos is senior vice president and director of communications development at J.W. Thompson in New York.

THE SATELLITE CONNECTION

TIME Magazine matches advanced communications technology with resourceful international journalism to become a truly global medium.



The Electronic Magazine: En route to Singapore, the pages of TIME complete a remarkable electronic passage. Composed on video monitors in New York, the pages are scanned by laser and converted into electronic data bits. The data then travels to outer space, bouncing off one satellite to reach California and a second to reach Singapore. Here, a twin of the laser scanner at the Times Printers plant converts the data back into the authoritative words and pictures of the world's leading newsmagazine. Total elapsed time: well under one hour.

Later this year, the world will become smaller for TIME readers from India to Indonesia. For TIME is commencing printing operations in Singapore, employing state-of-the-art laser scanners and satellite transmitters to relay complete magazine pages from New York to Singapore in less than an hour.

As a result, readers throughout this region will receive TIME a full day earlier. And the benefit extends to advertisers, whose messages will now arrive with new urgency and immediacy.

The satellite connection to Singapore underscores TIME's commitment to staying in the forefront of technology, to matching its resourceful, authoritative journalism with the finest production, printing, and distribution systems now available.

TIME is now printed in eighteen locations

around the globe, including Tokyo and Hong Kong. In fact, the magazine has been transmitted via satellite to Hong Kong for over four years. TIME operates 31 news bureaus in major world cities, employing over 85 foreign correspondents and 350 stringers in nations large and small. Overall, TIME commands the largest group of journalists reporting to one publisher in the world.

As a result, TIME attracts a worldwide audience of over 31 million readers each week. Our five international editions are now read by over nine million men and women; significantly, over 92% of these readers are not American citizens.

Audience. Editorial excellence. State-of-the-art production. For advertisers in today's global marketplace, these hallmarks make TIME the world newsmagazine.

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A SPECIAL REPORT ON INTERNATIONAL ADVERTISING

Analyzing the Industry's Growth

By Robert J. Coen

NEW YORK — International advertising is poised for a resumption of accelerating growth. Economic recovery is under way in many countries and the recent slow growth in advertising in many overseas markets is beginning to turn upward again.

In 1983, the United States accounted for 77 percent of worldwide advertising expenditures. By 1980, advertising levels in overseas markets had pulled abreast of the United States as mass marketing techniques developed in the United States spread.

In 1981, the full impact of the recession caught up with the ad industry. The slowdown of the heavy growth of the previous two decades was felt intensely in many of those markets where it had previously been most dramatic.

In order to present a single consolidated international advertising expenditure figure, it has been necessary to convert all expenditures to a single currency. The dollar has been chosen because the U.S. accounts for such a large share of worldwide advertising expenditures.

During the 1960s and 1970s, the U.S. advertising industry grew faster than the U.S. economy. Compared to the overseas advertising industry, however, the U.S. rate of growth appeared mediocre. During these two decades, the advertising industry grew at an exponential pace in many parts of the world. Changes in economies and societies led to revolutionary changes in marketing and a growing need for modern advertising techniques.

Then the pendulum began to swing in the other direction as most parts of the non-Communist world began to experience economic contraction. Despite the poor business conditions, U.S. growth in the advertising industry was exceptionally good relative to the economy. During the 1982 recession, advertising took on new marketing assignments as it was used significantly to help move backed-up automobile inventories, fill empty rooms in hotels and resorts, and to fight the competitive battle for airline passengers after the U.S. government deregulated the industry.

During these years, however, the advertising industry overseas was seriously depressed by the worsening economy. Many marketers abroad redirected most of their aggressive marketing activities to the United States while the poor business climate in home markets led to decelerating activities against local market members.

After the relatively modest rates

INTERNATIONAL ADVERTISING GROWTH (In Billions of U.S. Dollars)			
	U.S.	OVERSEAS	TOTAL WORLD
1950.....	5.7	1.7	7.4
1960.....	12.0	6.1	18.1
1970.....	19.6	15.0	34.6
1980.....	53.6	56.4	110.0
1983.....	75.9	61.6	137.5

Source: Robert J. Coen.

AVERAGE ANNUAL PERCENTAGE CHANGE IN AD EXPENDITURES (Based on Conversions to U.S. Dollars)		
	U.S.	OVERSEAS
1960-1970.....	5.0	9.4
1971-1980.....	11.1	14.1
1981-1983.....	12.1	1.7

Source: Robert J. Coen.

OUTLOOK FOR 1984 (Percent Change in Local Currencies Over 1983)				
	REAL GNP	INFLATION	TOTAL GNP	ADVERTISING EXPENDITURES
United States.....	7.0	4.0	11.0	14.9
Japan.....	4.8	2.3	6.4	7.0
United Kingdom.....	2.5	5.5	7.8	13.0
West Germany.....	3.0	3.0	5.8	7.0
France.....	1.2	7.8	9.2	11.0
Canada.....	4.3	5.2	9.4	8.0
Italy.....	2.2	11.0	13.9	38.7*
Brazil.....	-1.0	174.0	172.0	138.0
Australia.....	5.0	7.0	12.2	19.8
Netherlands.....	1.5	2.5	3.5	5.0
Spain.....	2.2	10.0	12.2	18.0

* Major media only.

Source: Robert J. Coen.

ADVERTISING PROJECTED INTO THE TWENTY-FIRST CENTURY (In Billions of U.S. Dollars)			
	UNITED STATES	OVERSEAS	INTERNATIONAL TOTAL
1980.....	\$ 54	\$ 56	\$100
1990.....	153	153	306
2000.....	398	476	874

Source: Robert J. Coen.

of growth in local currency were translated to U.S. dollars, the results appeared even worse. In 1981 and 1982, for the first time in decades, the dollar value of overseas advertising expenditures barely rose at all.

The first signs of improvement

overseas began to appear in 1983 and the outlook is now beginning to brighten everywhere.

The U.S. economy turned up sharply in 1983, with real gross national product increasing almost 4 percent. The strong expansion in U.S. advertising also continued in

1983, with expenditures rising again faster than the economy for a gain of 13.9 percent over 1982.

The economies of many other industrialized countries also began to improve last year, although their recovery tended to lag behind the U.S. rate. Most less developed countries continued to experience problems in 1983, but in a number of these countries the worst appeared to be over.

The advertising spending gains of Britain, Italy and Spain were equal to or better than those posted in the United States last year, when expressed in local currencies, even though these countries had relatively lower economic growth than the United States did. Local ad budgets in most other key countries grew in real terms, although in some cases just barely more than inflation. Overall, things began to get better in 1983.

Economies throughout the world have been brightening ever more this year, and so have reports on the state of advertising industries in most parts of the world. McCann-Erickson regularly surveys its offices in the major countries that account for almost 95 percent of all advertising in the world; their responses indicate that a resurgence in advertising appears to be getting under way. In every major country but Brazil, the outlook reports were excellent.

The advertising industry has boomed in the United States this year as a result of the strong economic recovery and the extra advertising demand that appears every four years when the Olympic Games and U.S. presidential elections take place. Advertising growth in the United States continues to outpace economic growth, and more of the same is expected for the foreseeable future.

Real economic expansion in most other industrialized countries has lagged behind the record pace of the United States, but the U.S. recovery is stimulating exports and stronger economic growth elsewhere. Advertising is beginning to show signs of movement to a brisker pace in Japan and West Germany, and the exceptional upturn in British advertising activity in 1983 is being reported again this year.

In 1984, the total of expenditures for the United States and all overseas markets is expected to increase 11.7 percent to \$153.6 billion. And all the indicators point to another good year for advertising in 1985. The 1983 plateau in the overseas component of the international advertising industry appears to have ended. Advertising in the United States and overseas again is moving

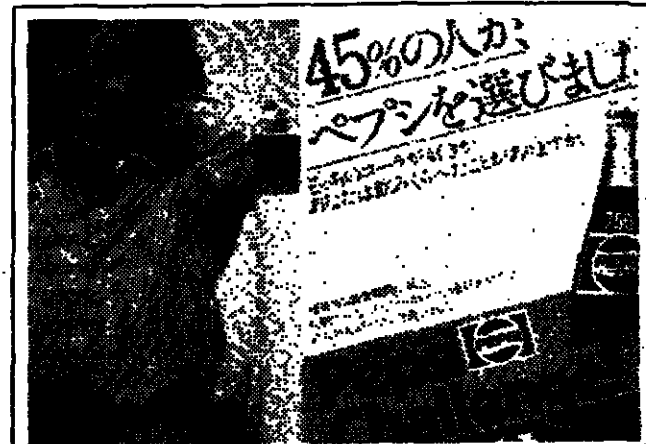


briskly upward and this pace is expected to continue with only temporary interruptions for most of the rest of this century.

The resumption of stronger advertising growth abroad should result in overseas expenditures' pulling abreast of the U.S. levels again by 1990. During the rest of this century overseas growth is expected to gradually pull ahead of the

U.S. pace, with total international advertising expenditures approaching \$1 trillion by 2000.

During the 21st century, advertising's role in the marketing process will continue to grow, especially in the overseas markets, where the majority of the world's population is found. The potential for growth of international advertising is just beginning to be tapped.



The Pepsi campaign in Japan.



The French way: An advertisement for a cigarette lighter. Because of French regulations, cigarette advertisers promote lighters and matches.

National Regulations Set Limits on Global Market

By Jonathan E. Fox

NEW YORK — "Global marketing" is now a buzzword in the advertising game. Recently conceived, the concept is still in its infancy. It offers exciting potential for creative solutions to complex international problems. Although global marketing is not for every corporation nor for every brand and product, it is an idea that can offer tremendous benefits for some multinational corporations.

Once an agency has decided that its client will benefit from a global brand strategy — no easy decision — and has created an advertising idea with intercultural appeal, there remains a third and technically more important obstacle: regulations, which change at every international border.

When a campaign is designed for multinational development, multinational legal compatibility has to be built in, lest the campaign have to be completely repositioned and the advertisements completely redone in each country.

If an agency wants to use a single advertisement in several countries — an economically beneficial situation — it has to comply with the regulations of all those countries. Thus the commercial message and its creative content must comply with the rules of the country that has the most stringent regulations of all the countries where the campaign appears, and the ad's impact would likely be considerably weaker than it might otherwise be in the rest of the countries.

An effective alternate is a campaign consisting of several similar ads that have been creatively fine-tuned to fit local regulations as well as local cultures. A highly creative agency with global vision and the

(Continued on Page 14)

Jonathan E. Fox, a senior vice president of Grey Advertising, is director of client services for Grey-Europe.

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A SPECIAL REPORT ON INTERNATIONAL ADVERTISING

Defining the International Media

By Michael Hook

LONDON — A long-running British Broadcasting Corp. radio program puts celebrities as castaways on an imaginary desert island and gives them a choice of eight records that they could take with them. Imagine yourself in a similar position, with the choice of one newspaper or magazine.

It will be your sole source of reading, and the longer you stay on the island the staler the news will become. Many people might go for the travelogue type of publication, with timeless articles. Some more enterprising choose a practical publication on do-it-yourself projects.

We are all on our own personal desert islands, making choices and preferences according to our special needs. My job is to unravel these peculiarities and make sure that our clients benefit from the very best possible media choices.

During the 1980s as new media technology develops, we are beginning to witness a blurring of the divide between local and international, so that we now have international media that are local and local media that are international. It gets rather confusing, so let us try to gain a clear perspective of what is going on.

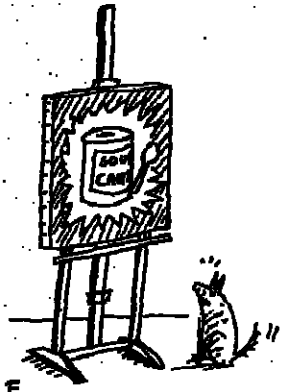
The Oxford English Dictionary defines international as "pertaining to the relations between nations." There are other definitions, but this seems most relevant to the media industry. Chambers' 20th Century Dictionary goes even further and

defines international as "transcending national limits" or "extending to several nations." Chambers' also agrees with the definition of "pertaining to the relations between nations."

Therefore it seems to me that we should apply a multiplicity of standards when talking about international media, notwithstanding the fact that we as an industry have built up the image of internationalism. The average reader of L'Express in Brussels, Geneva or Abidjan buys his copy not with the intention of reading an international magazine, but more out of many years' habit because it informs him about what is going on in France and because of the relationship between France and other French-speaking countries.

The reader of one of the quality daily newspapers in Britain is reading about relations between nations, because all three quality dailies give extensive coverage to international affairs. Yet one is unlikely to consider the Daily Telegraph, Guardian and Times solely as international media.

History provides many examples of local events that have become international. Cave dwellers of France and Spain left us the legacy of drawings that have now been looked at by people from all over the world. Were these left-over slogans from Stone Age supermarkets? The Roman legions' banners: Were these the first mobile poster sites? The modern equivalent can be seen at the head of a column of



demonstrating trade unionists, strictly local.

When Dewitt Wallace and Lila Acheson Wallace started publishing a little book called the Reader's Digest in 1922, they could not have foreseen that 60 years later Reader's Digest would have 41 different editions in 17 languages and more than 100 million readers. Truly international — or is it? Is the Italian edition read by Scandinavians? Does the Korean edition contain as much news of world events as the Dong-A Ilbo daily newspaper? The line of distinction between local and international media is finely drawn.

Purchasers of Time or Newsweek know that they are buying a publication whose editorial content reflects the views of writers outside their country — unless you are a reader in the United States, where Time and Newsweek are domestic publications debating the issues of

the day in Congress and the White House but giving a viewpoint of what is happening outside the United States as well. On the other side of the Atlantic, The Economist somewhat mirrors what is happening with Time and Newsweek, with the British newsweekly now often producing different covers and content for an international edition aimed at a largely American audience. The purchase of space by an American advertiser in the U.S. edition of Time or Newsweek is from domestic budgets, not international. U.S. News & World Report becomes the third contender for newsweekly budgets in the United States. Note that it does not have an international edition. And what happens when Newsweek starts its edition in Japanese? Will Newsweek become local in language but remain international with the English version also on sale in Japan?

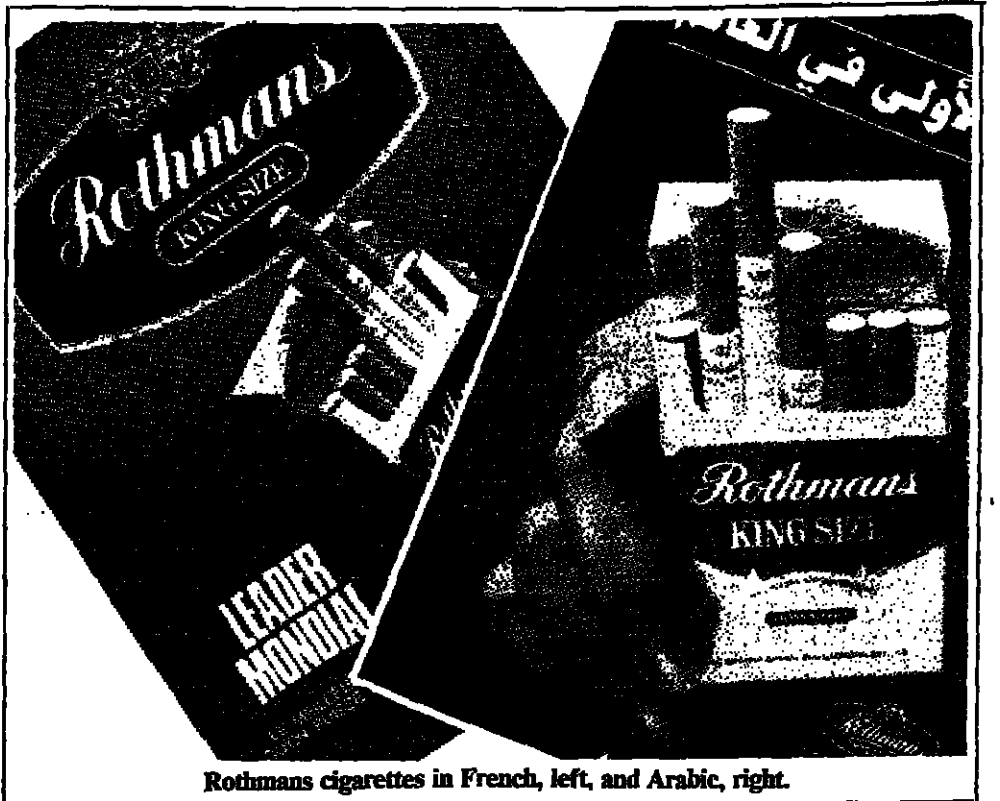
Modern technology allows the International Herald Tribune to live up to its name by printing in seven different centers: Paris, Zurich, London, Singapore, Hong Kong, the Hague and Marseille. The Financial Times, printed in Frankfurt as well as London, is able to style itself Europe's business newspaper and justify this claim by being available at breakfast time in all major European business centers. This is what the newspaper industry is all about: being able to reach the reader at the earliest opportunity in competition with locally produced newspapers. The Wall Street Journal produces

an Asian edition from Hong Kong and, more recently, a European version from Brussels — another serious contender on the streets of Europe's business centers.

USA Today, having attained the No. 3 spot in domestic newspaper circulation, suddenly decided to go international. But does its editorial content transcend national limits? World Paper, publishing out of Boston, sells a monthly supplement to 18 local newspapers worldwide, giving local newspapers an extra, very commendable international dimension.

The advent of satellites, cable television and videotext present no less a problem. Since April 1982, Sky Channel has been reaching television audiences across several European countries. It now reaches 1.7 million homes via satellite transmission through cable networks in Norway, Austria, Finland, Sweden, the Netherlands, Switzerland, Britain and Malta. A service called Music Box started transmitting to cable operators in Europe in July and expects to reach a million homes in 12 countries by early 1985. Text on screen is becoming international now that Prestel in its various forms — a data-base service using home television screens — is available in major markets such as Britain, West Germany, the United States and Hong Kong. Audiences are limited since, apart from Britain, Prestel is relatively experimental. But it does fit the description "extending to several nations" perfectly.

When it comes to measuring the



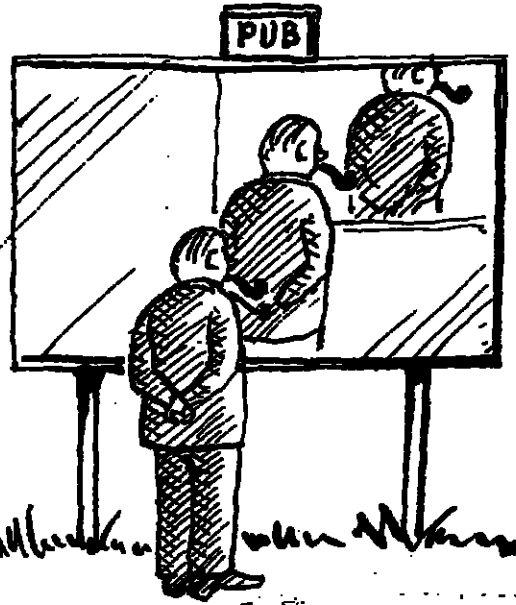
Rothmans cigarettes in French, left, and Arabic, right.

audiences of international media, we are well served in the major Western markets by such grand-sounding research as the Pan European Survey and European Businessman Readership Survey. The Pacific area has similar profiles and the South Americans are getting into the act with a Latin American Readership Study soon to be in the field as a pilot study. Without these guides as to how international media perform compared to local me-

dia the job of international media planners would be even more difficult than it is. It is never as simple as seeing which publication gives the best coverage. Creative media planning is a vital ingredient of the advertising mix. The German newsweekly Der Spiegel has more total coverage than any other individual publication on the Pan European Survey released two weeks ago. But 88 percent of this coverage is in one country, West Germany.

Twenty publications were researched in 12 countries and the great majority of these publications had a better "across Europe" cover than Der Spiegel. So beware when using media surveys as a guide.

Michael Hook is managing director of Ogilvy & Mather International Media, a subsidiary of O&M London that specializes in worldwide media service.



Global Agencies: Does Creativity Suffer?

By Sean Milmo

LONDON — Fourteen years ago, Charles and Maurice Saatchi started a British advertising agency with two accounts — Jaffa oranges and the British Health Educational Council.

Within 10 years, it was the biggest British agency in the country. Now Saatchi & Saatchi Compton is the seventh largest agency group in the world, with 71 offices in 40 countries and total billings of about \$2 billion.

In Britain it deals with six of the country's top 10 advertisers and in the United States with more No. 1 brands than any other agency there.

If it maintains the growth rate it has shown so far, the company will soon surpass the world billings of giant U.S. multinational agencies

such as Ogilvy & Mather, Ted Bates, Young & Rubicam and J. Walter Thompson.

The rise of the Saatchi brothers is increasingly being seen as a one-time phenomenon; their success is unlikely to be repeated by others. Instead, agencies, under pressure from manufacturers to provide global marketing services, are looking to other ways of setting up international networks.

Not many people in the industry can match the Saatchis for sheer bravado and determination. Nor can they rival the rare combination of Charles' versatile creative skills and Maurice's financial wizardry.

"The company is brilliantly managed," said Mark Sheppard, analyst at the London stockbrokerage Phillips & Drew. "While its U.S. competitors have managerial-

ly been innovative, dynamic and highly conscious of the need to keep a tight control on costs."

The key to the company's rapid expansion has been a string of acquisitions that has left rivals gasping.

The brothers started on the takeover trail in 1975 when they bought the London office of the U.S. agency Compton Communications. In the process they gained several accounts of Procter & Gamble, their first business for a large multinational client.

Six years later they bought the London agency Dorland. Shortly afterward they made their first foray across the Atlantic when they acquired Compton itself, the world's 14th largest agency group. Soon they were back again to take over the New York company McCaffrey & McCall.

Their latest purchase was Harrison Cowley of Bristol, which merged with the Saatchi subsidiary Crawford Halls Partnership, giving the company a third agency in Britain's top 10.

"It's surprising how they manage to keep it up," said an executive of a rival agency. "They'll soon find there is nothing worthwhile to take over."

Not only are fewer agencies willing to sell out to larger conglomerates like Saatchis, but acquisitions themselves also are beginning to become unfashionable in international advertising.

The established multinational agencies are finding that centrally controlled networks are not necessarily the best means for producing effective advertising.

Major advertisers are putting an increasing amount of business into

international agencies in a bid to standardize their advertising across frontiers and to cut costs. By concentrating their advertising into a few multinational agencies, they also hope to reduce the risk of conflicts of interest with agencies handling their products and those of competitors.

But many agencies are finding that the more international advertising is streamlined, the more creative standards suffer. They are particularly sceptical about the concept of the global brand backed by the uniform worldwide campaign — an idea Saatchi & Saatchi has been particularly enthusiastic about.

"Advertising which works in one country does not necessarily work in another," said Martin Boase, chairman of Boase Massimi Pollitt.

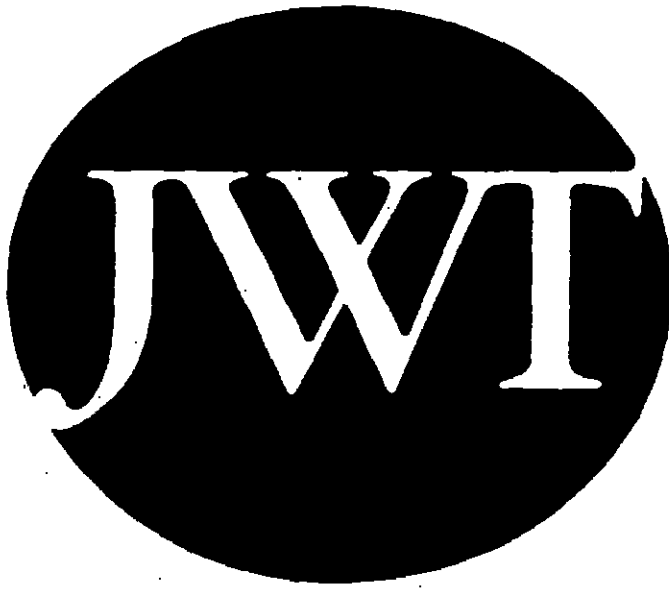
(Continued on Page 14)

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J. WALTER WORLDWIDE

A SPECIAL REPORT ON INTERNATIONAL ADVERTISING

Some Brand Names Don't Travel

By George Fields

TOKYO — The recent boom in "global marketing" has taken me by surprise. I have a distinct sense of déjà-vu.

We didn't call it global marketing back in the 1960s. I called it the Japan-is-becoming-Westernized syndrome. Wasn't this the hubris on the part of Western marketers that was the cause of many disasters? Naively, I was beginning to feel that the struggle was nearing its end and that we were entering a new era of intercultural marketing — perhaps a pretentious label, but no more so than "global marketing." In it, local cultural values are carefully weighed and concepts and positionings are adapted, modified or newly developed for the particular culture. When the original concepts and strategies can be used in toto, the intercultural marketer considers this a consequence of his examinations rather than a goal in itself.

The steam engine, the automobile and the computer have, at various times, transformed cultures so that in many ways they ended up appearing similar. But the revolutionary impact of technology has little to do with the day-to-day issues of marketing unless it leads to a convergence of cultural values that are relevant. Convergence of another kind can be observed under instances of cultural dominance. A strange, dark liquid called Coca-Cola, in the hands of victorious GIs at every street corner of Tokyo in the mid-1940s, was a symbol of some importance. But it is

'Avon and Levi's were languishing in Japan when careful examinations of the Japanese marketing culture led to strategies that neither company had used elsewhere. The Japanese Avon Lady emerged as a different person to her counterpart in the United States, as did the Avon system; rapid sales growth ensued.'

not this type of imposed convergence that the global marketer is talking about. Instead, it is a cultural transition — for example, the emerging world middle class.

It is a comforting concept. But, even though only some products can change cultural values overnight, when a Westerner sees non-Westerners consume the same products he does, up goes the cry, "Why, they are becoming Westernized!" On that logic, the New Yorker seen eating sushi is becoming "Japanized." The visible presence and obvious success of the Coca-Cola, Nescafé and McDonalds is bedazzling. But how long must these individual cases be cited as if there were a golden rule applicable to the globe? Armed with evidence of such "globalization," other major brands that have failed in the Japanese market have cried foul. While some were victims of institutionally imposed restrictions, many simply ignored cultural cues.

Take, in contrast, the dazzling triumvirate above. Coca-Cola had the advantage of creating a new

distribution system, which became the standard for the product category. Its entry strategy was indeed global, but Coke's early advertising phrase that swept Japan, *sukkatto sawayaka*, is almost untranslatable without a long discourse on Japanese onomatopoeia. Coke did not insist on its U.S. copy phrase's being used in Japan. Pepsi did impose its U.S. theme, "Come Alive," which, since it was untranslatable into Japanese, came out as "Kamu Arabit." It didn't work. That was not even a minor factor in Coke's outselling Pepsi 10 to 1, but it was symptomatic of the relative attitudes that created the situation.

Not even the most ardent global marketer could claim Nestlé's advertising in Japan to be a minor deviation in execution from the global norm. In the 1960s, the "Cities of the World" campaign was created for Nescafé showing attractive Europeans imbibing the product in attractive settings. (There were uniquely Japanese reasons for them to be Europeans rather than Americans.) Despite the foreign scenes, the concept was created in

Japan and a local team was sent to shoot the scenes. Then came the successful launch of Gold Blend, which further strengthened Nestlé's position in Japan; the advertising is very Japanese. Nestlé is now a billion-dollar corporation in Japan, with 70 percent of the coffee market. The strategies that helped it get there were locally born.

The Big Mac, like Coke, is supposed to be the same everywhere. But its consumer profile in Japan is different from that in the United States. Since the Japanese sell enough of them, perhaps it doesn't matter, but the Japanese perceptions of a hamburger and the occasions when it ought to be consumed are very different from their counterparts in the United States. Kentucky Fried Chicken in Japan equals McDonald's in sales, but sells perhaps one-third as much in the States. On the logic of global marketing, since Kentucky Fried Chicken is more competitive in Japan, perhaps the company's marketing strategies for the United States should emanate from Japan — a proposition that I'm sure would not make sense to anybody in the United States.

Some brands dominant in other parts of the world failed to conquer Japan through strategies used elsewhere. If they had failed only against Japanese brands, perhaps one could stick with the conspiracy theory. But Gillette ranks well below Schick in Japan, and Revlon far below Max Factor. Is it merely coincidence that their "globally" weaker competitors' strategies had a much stronger local touch?



On Japanese television, a James Dean look-alike promotes American blue jeans.

To look at the happier side, there is the case of Richardson Vicks. It had one significant advantage when introducing a laxative in Japan. The product was not one of its own originally, and there was no global precedent since it came from a prescription-drugs manufacturer with little experience in over-the-counter marketing. So, with this product, Vicks started from scratch in Japan: target segmentation, product and advertising concept development, you name it. The

brand, Colac, became the market leader, beating out a strong local incumbent. Not all of Vicks' world products have been as successful in Japan.

Avon and Levi's were languishing in Japan when careful examinations of the Japanese marketing culture led to strategies that neither company had used elsewhere. The Japanese Avon Lady emerged as a different person to her counterpart in the United States, as did the Avon system; rapid sales growth

ensued. The Levi's advertising strategy was startling; it used deceased stars such as James Dean and Marilyn Monroe as heroic symbols — surely an unlikely duo for a campaign aimed at modern teen-agers. The slogan was "Heroes Wear Levi's." The brand leaped with dramatic speed to the top rank, but the reasons for its success were purely Japanese.

All this may be passé to the global marketer who is revved up about the "shrinking" world. There is no

denying that Japanese and other non-Western societies are evolving and that new values will emerge, but only from their unique cultural roots. From where I have sat for the last 20 years, I do not see any evidence that these new Japanese values will necessarily be "Western" or "global."

George Fields heads a market research company in Japan, ASI, which he helped to establish in 1965.

U.S. Sets the Pace Despite Growing Pride in Things Japanese

By Jack Burton

TOKYO — Japan may be a graveyard for global advertising campaigns launched from the United States, but America nevertheless sells in Japan.

Japanese television commercials are a paean to the American way of life, full of glamorous movie stars and famous sports heroes, the New York skyline and expansive California landscapes.

All this reflects postwar Japan's love affair with American pop culture. Despite a growing pride in things Japanese, the United States remains a cultural pacesetter for Japan. What is in vogue in America — especially Southern California — soon makes its presence felt in Tokyo's trendier areas.

Domestic advertisers have long recognized the appeal that things

American have to the Japanese, particularly those in their teens and 20s, and have exploited any type of U.S. connection to sell their products. Having Paul Newman drive a Nissan Skyline or John Travolta sip at the semi-alcoholic fruit juice called Tokyo Drink creates the impression that if these products find favor among American celebrities, they must be good.

In Japanese eyes, the United States is still No. 1 in the hierarchy of nations (although how long this belief will last is open to question), and U.S. acceptance of Japanese goods represents some international equivalent of the Good Housekeeping seal.

The use of foreign personalities to lend international status to the output of Japan Inc. began in 1970 when a Japanese producer of male

toiletries hired the actor Charles Bronson to give the company a macho image. Japanese advertisers have never looked back since then, signing up more than 200 foreign celebrities from Brook Shields to Orson Wells.

If a Japanese company cannot find an American celebrity to endorse its product, it may opt for displaying the product in a recognizable U.S. setting or placing a blue-eyed, blond model alongside it.

The appeal of "American" is not just limited to the visual aspect. Japanese advertisers frequently resort to that strange combination of languages derogatorily known as *Japanish* in naming a product or coining a catchphrase, sometimes with hilarious results. Tokyo Gas Co. proudly uses the slogan "My

life, my gas." One soft drink is called Pocari Sweat and another Calpis. Although such coinages may sound odd to native English speakers, advertisers believe *Japanish* adds a touch of class to their products.

The strong U.S. theme in Japanese advertisements may be seen and heard less in five to 10 years. The novelty of foreign faces is wearing off. The use of foreign personalities was, after all, intended as an attention-grabbing device, something that cannot be claimed to succeed as well now.

Foreigners in commercials also may be the victim of another trend emerging in Japan. Advertisements serve as a barometer measuring national pride. Japan's inferiority complex vis-à-vis the United States helped promote the foreign look

advertising. But signs are appearing that the pendulum is swinging the other way.

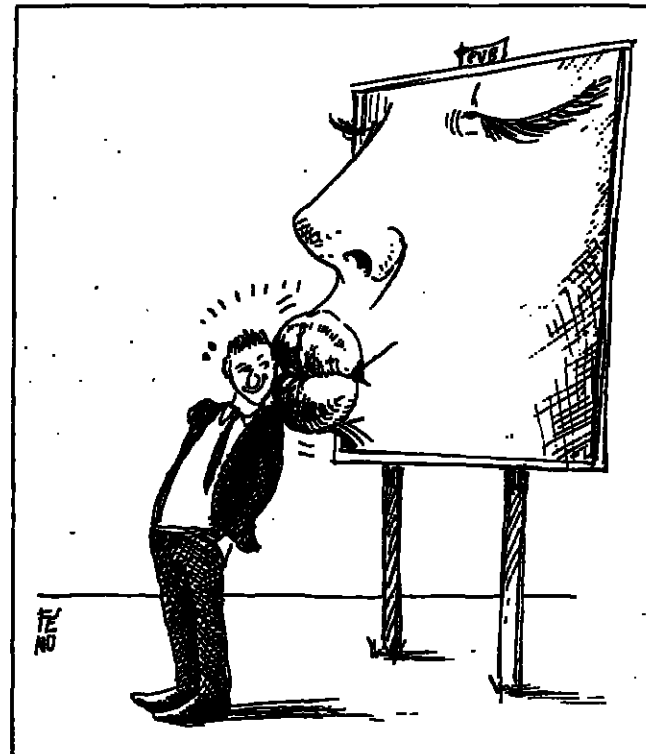
Fewer foreign models are in demand. The trend is toward Eurasian-looking models, especially high-school-age girls from Hawaii, Dentsu, Japan's (and the world's) largest advertising agency, has coined the term *Japanesque* to promote the creation of commercials that include elements of the country's traditional culture.

U.S. companies advertising in Japan may be in a better position than their Japanese counterparts to adapt to these changes. U.S. companies do use American motifs when advertising products that cost more than competing Japanese brands. The actor James Coburn sings the praises of Lark cigarettes, and Parliament cigarettes are known as "American Blue." Budweiser became the biggest-selling foreign beer in Japan through a print campaign that pictured a gi-

ant can of Bud against the backdrop of such landmarks (and favorite Japanese tourist sites) as the Grand Canyon and Niagara Falls.

But U.S. advertisers have been flexible in designing their campaigns to suit local tastes; while Japanese companies have Americanized their products through advertising, the Americans have been Japanizing theirs.

U.S. advertisers' willingness to adapt is their acknowledgement that Japan has proved a major obstacle to the use of global advertising campaigns. Advertisements that proved widely successful in the United States and Europe have foundered in Japan. The Japanese prefer a soft-sell (some would say a no-sell) style of advertising that relies heavily on mood images and music but little narration. The concept is abstract and can be puzzling to those accustomed to the more strident Western form of advertising.



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Jan A. M. ter Huurne,
International Advertising Manager, De Telegraaf.
(Attending the congress, staying in the Okura Hotel)

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What does this marketing philosophy involve?

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A SPECIAL REPORT ON INTERNATIONAL ADVERTISING

Brazil: U.S., Domestic Agencies Spar

By John Barham

SAO PAULO — World brands are a bone of contention in a quiet struggle between U.S. international advertising agencies and domestic agencies in Brazil, one of the world's most important consumer markets.

Brazil is the eighth biggest ad market in the world, according to figures from FENAPRO, the national advertising federation, showing that last year Brazilian advertisers spent \$2.589 billion. In urban Brazil alone, people spent \$125 billion on consumer goods and services in 1983.

But Brazil has been hit hard by a recession brought on in part by its \$100-billion foreign debt. Sales and incomes have plummeted in the last four years. Top salary earners are making half what they did four years ago in real terms.

Antonio Crippa, client service director at SSC&B Lintas Worldwide, said the middle class's lower purchasing power had "forced agencies to cope with the new situation by emphasizing value for money in campaigns."

Agencies have not escaped the recession; clients have cut advertising budgets. Sergio Leal de Carvalho-Guereiro, president of Leo Burnett Publicidade, said, "1983 was our worst year since 1968. This year we're doing better, but we're still losing against inflation." Burnett had estimated billings of the equivalent of \$9.09 million in 1983, down 26 percent in dollar terms from 1982.

Lee M. Pavio, president of J. Walter Thompson Publicidade, said his clients had cut spending 25 percent. McCann Erickson, the top-ranked foreign agency in Brazil, had estimated billings of \$64.5 million in 1983, 25 percent less than in the previous year.

Nevertheless, international agencies in Brazil say this is still one of their most important and lucrative markets. Mr. Pavio said Brazil was fourth in importance to Thompson, after the United States, Britain and West Germany. Jens Olesen, president of McCann in Brazil, said the local agency was "one of the top five or six in the world" for his company.

International agencies' presence in Brazil is relatively limited. McCann, for instance, is the fourth biggest agency overall in Brazil. Foreign-owned agencies are hurt by the federal government's policy of placing its accounts only with wholly Brazilian-owned agencies.

U.S. agencies in Brazil favor well-tried American techniques, with a heavy emphasis on market research. They often repackaged campaigns designed in the United States or Europe for use in Brazil and other markets.

International agencies in Brazil claim the country does not have to be treated as a special case when marketing world brands. Flavio Antonio Correia, head of Standard Ogilvy & Mather Publicidade, said: "There's nothing different about Brazil. You just have to adapt world brands the best way you can to fit the cultural scenario of each country."

Mr. Crippa of Lintas agreed, noting that some brands had become so embedded in the Brazilian way of life that they had entered the language. "You don't call razor blades razor blades in Brazil. Here we call them Gilletes."

Francisco Petit, a partner in Duailibi, Petit e Zaragoza, a leading São Paulo agency, said he believed that foreign agencies should adapt themselves to Brazilian culture. He criticized their emphasis on research. "U.S. brands have

many problems; their marketing is less sensitive than the Europeans," he said.

Washington Olivetto, creative director at Duailibi, said: "Multinational companies have a very distorted idea of Brazil. They make ads that are typical for Third World countries, for instance, using ads they would use in India, although that's becoming less common."

Reliance on research has brought more than one world brand to grief in Brazil. Three years ago Campbell Soup Co. test-marketed soups in the southern city of Curitiba, which has a temperate climate and a population principally of European descent, accustomed to eating soup, especially in the winter. The brand flopped nationally because consumers in other parts of Brazil hardly ever eat soup.

One adman at an international agency said his company was consciously using world brands as a way of getting local agencies' multinational company accounts. And at Standard Ogilvy & Mather, Mr. Correia criticized what he termed Brazilian agencies' use of "an ideological, nationalistic argument to take over our slice of the cake" when it comes to world brands.

Mr. Olivetto, though, said multinational companies' increasing use of world brands was forcing the Brazilian agencies handling them to make better ads than the companies' agencies in the United States or Europe. He said that Atari considered DPZ's Brazilian launch of its video games the best in the world.

"In Brazil every citizen is some kind of artist," Mr. Olivetto said. "This means that Brazilians are receptive to creative things and this helps you in your work."

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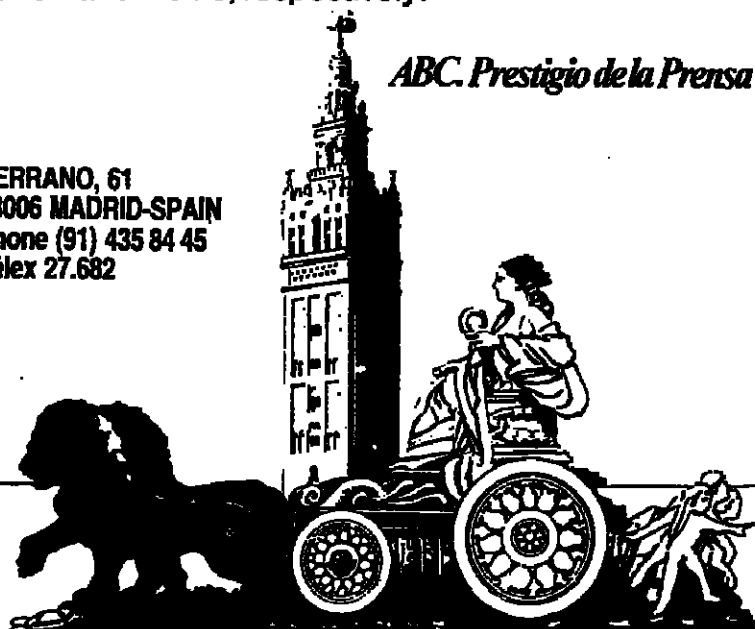
Here are some of the results of a C.I.S.E. report ordered by ABC, using data available from the Spanish Daily Press Publishers' Association (AEDE) survey:

- ABC is read by the same proportion of men and women.
- ABC readers range between high and medium high socioeconomic standing.
- ABC readers' educational standard is above the national average.

A recent study conducted by CEIM (Independent Employers' Association of Madrid), on the occasion of the "First Get-Together of Madrid Employers", gives the following result: ABC appears first in the survey's ranking. 51.10% of Madrid employers and executives read ABC every day. In the same survey, covering all Madrid dailies, the following two newspapers are afforded percentages of 21.01 and 19.70, respectively.

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Regulations, Limits

(Continued From Page 10)

specific sensitivity made possible by local offices can create a better campaign concept that will remain intact through several border crossings.

Grey Advertising faced such a challenge in handling General Mills Toy Group Products in the United States and six European countries. General Mills markets a number of best-selling toys, such as Star Wars, Strawberry Shortcake, and Care Bears products. Grey's U.S. advertising for these also had to be usable in Europe, where regulations for children's advertising are more stringent.

In West Germany and Spain, for example, there can be no hint of violence in television commercials, and certainly no sign of weaponry. In Britain, celebrities such as those who played the characters in the "Star Wars" films may present a product but may not endorse it. In France, children may appear in ads but may not speak. Further, there can be no action that might incite violent behavior, and no television advertising is allowed for films.

In products born of the success of "Star Wars," any campaign theme would ideally include weapons, film footage and children acting out intergalactic battles with Star Wars vehicles and figurines.

But the combined regulations of the European countries restricted the use of these ideal elements of a Star Wars products campaign. We could not use the futuristic weapons, the fantastic movie footage, the participation of children.

Since a pan-European Star Wars campaign, using an identical advertisement in all countries, was ruled out, Grey's turned to local touches in each country that communicated an association with the film, its adventure in fantasy and a special excitement intended to stir the imagination of children in each market.

Our objective — regardless of executive nuances required, to adhere to legal restrictions — was to have every child "relive the fantasy" of Star Wars. Central to the enormous success of the U.S. campaign and its potential success in Europe was the requirement that every Grey office ensure that its advertising for Star Wars products allow every child to have this same global vision. There were many creative ways to achieve the local touch necessary to receive legal clearances.

The process for creating General Mills toy commercials begins in the United States at Grey world headquarters in New York. Before a commercial is shot, the proposed script is sent to Grey's offices in countries that may want to use all or part of a spot. These offices put their creative minds to work on adapting scripts to meet local customs and regulations without losing



ing the basic idea in the original script. These adaptations are sent to New York and the process of integrating the needs and ideas of many countries begins.

The Star Wars commercial version for West Germany and Spain used movie footage without combat or weapons. The play activity involved a "peaceful cruise" around the child's bedroom uni-

verse; the excitement of the Star Wars combat was left to the imagination of the viewers.

Grey's advertising experience with Star Wars toys in Europe can be extrapolated to other global opportunities. The solution to the problem of disparate legal regulations is to follow different creative executional avenues to deliver a single global idea.

Global Agencies: Does Creativity Suffer?

(Continued From Page 11)

one of Britain's largest independent agencies. "Furthermore, formula advertising on an international scale can be counterproductive. Local managers and agency staff feel they have no responsibility for advertising which they haven't chosen themselves."

Imposing advertising on local staff has caused international agencies problems. "You cannot order people around; otherwise you will lose them," admitted Joe de Deo, president of Young & Rubicam Europe. "You end up with mediocre, obedient managers, which is not the way to succeed."

In recent years most multinational agencies in Europe have been hit by breakaways: Talented staff have opted to set up their own agencies because they have felt stifled within the conventional international network.

In Britain, up-and-coming agencies such as Grandfield Rork Collins, Leagas Delaney Partnership, Wright, Collins, Rutherford Scott and Gold Greenless Trotter were started with the help of former executives of multinationals.

Saatchi & Saatchi has built a structure that allows managers more freedom than in the traditional international networks.

As an executive of one Saatchi subsidiary said: "They let us do pretty well what we want, as long as we return a reasonable profit each year."

Dorland is trying to set up a second-string network for the Saatchi group in Europe after taking over the European operation of Dancer Fitzgerald Sample earlier this year.

The managers of the 14 DFS offices in Europe have been offered deals giving them substantial shares in their agencies, allowing scope for local initiative.

"We'll have the majority of the equity in each agency but we want the managers to have enough to feel each one is partly their business," said Jack Rubins, chairman of Dorland/DFS International. "In that way we prevent breakaways and to exercise sufficient discipline to ensure that the needs of our international clients are catered for."

Elsewhere, however, major shareholders are being regarded as irrelevant. The next generation of

international networks is likely to take the form of confederations in which no single agency has absolute control. Members of the network would pool their money into a holding company that would act as a coordinator.

One of the biggest confederations already operating is European Sales Development Agencies, consisting of 12 small to medium-sized agencies, all of them management-owned. The driving force behind its establishment has been Everett of Britain and Segments of West Germany.

Nine months after being formed, the group has not gained a major international account, although there have been deals with advertisers involving two or three of its members.

"Our problem at the moment is that we do not have any international campaigns to show prospective clients how good we are," said Cees Mulderij, the federation's

general secretary, who is based at Segments's Hamburg office. The network hopes to resolve this by doing test campaigns for advertisers.

The confederation system probably will get its biggest impetus from larger agencies that have plenty of talent to offer and are looking for co-operative deals with others.

"These agencies have got to start sharing resources, rather like the Japanese have been doing in the electronics and car industries," said Ron Leagas, former managing director of Saatchi & Saatchi and co-founder of Leagas Delaney Partnership. "The future of international advertising lies in more collaboration and less Napoleonic control."

Collett Dickinson Pearce, one of Britain's most creative agencies, is establishing a pan-European confederation with financial backing from Young & Rubicam. The agency decided to set up a loose network of agencies known for cre-

ative excellence after losing the accounts for Cinzano and Galaher's Silk Cut cigarettes to competitors with an international service.

"In a confederation, agencies can retain a strong, individualistic national advertising," said Mr. de Deo of Young & Rubicam, which denies it would be using the consortium as a second string to its European network.

Such new groupings would be more in the line with wider international campaigns are put together. "The best international advertising is an adaptation of a strong national campaign which gets through to the real consumer rather than an artificial, composite European one," Mr. de Deo said.

But he warned: "Crucial to the success of this setup is the choice of the right partners with the correct motivation and attitude. In the past, confederations have fallen through because they have the wrong partners."

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A SPECIAL REPORT ON INTERNATIONAL ADVERTISING

A Budding Industry Strives to Reach Vast Indian Market

By Kim Gordon-Bates

NEW DELHI — On a professional level, the people behind India's budding advertising industry prefer to forget that they operate in a country of almost 750 million people, on paper the world's largest consumer market.

India's up-and-coming young generation of advertising executives also would rather not admit that the industry's annual per capita expenditure is 45 cents, compared to \$300 in the United States. And, because hard-brass economics is inescapable, advertising in India is aimed at a much smaller group: those possessing some sort of disposable income.

Even in this half-size India, however, there exists a mosaic of particularities, cultures, religions and social habits where, as one advertiser explained, "we have to tread carefully if we don't want to upset anybody."

Ram Sehgal, manager of India's largest agency, Hindustan Thompson, a nominal affiliate of J. Walter Thompson, gave an example of the diversity of India's advertising environment: "It would be impossible for me to picture a pair of jeans on a female model in southern India, where people are extremely conservative, whereas women wearing jeans is a common sight in a big city like Bombay." And in Bombay, jeans probably would not sell well if not featured on a pair of sexy hips.

Similar discrepancies throughout the country have meant that, to be on the safe side, ad artwork in India has often been uninspiring and unsophisticated, relying heavily on radio commercials and on simple messages posted on roadside billboards.

For all its apparent blandness, an advertising campaign in India

begins with meticulous market research. Each segment of an Indian society is carefully weighed and its market potential assessed. This means either aiming the campaign to one group or walking the tight-rope.

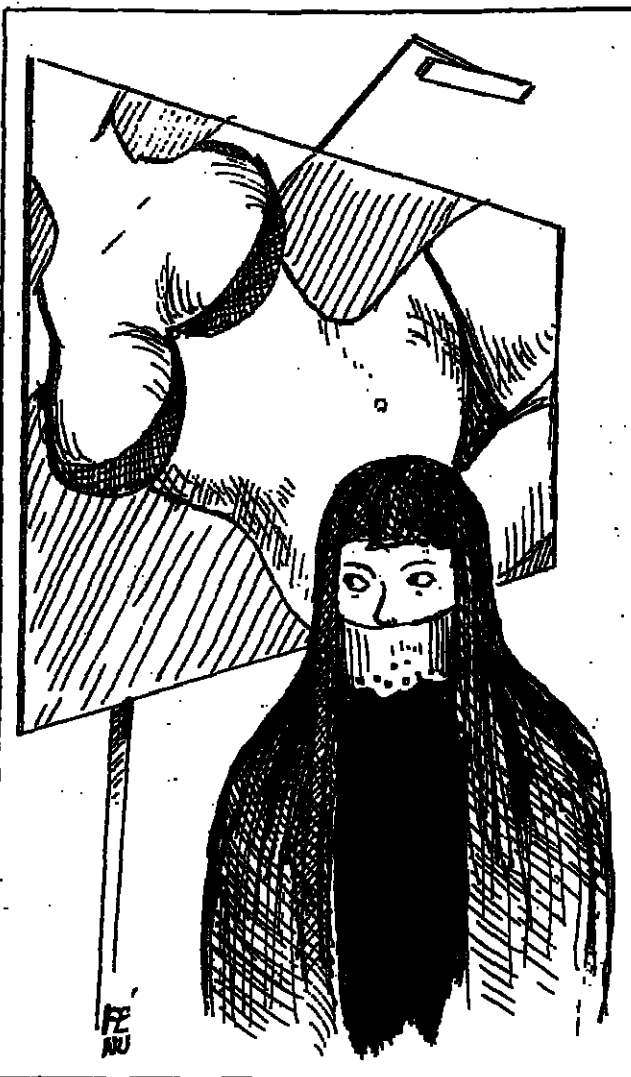
"We first consider what we call the affluent 3 percent of our society — people who speak English, are educated, travel, read international magazines, have money to spend," said Mr. Sehgal. Such people respond readily to advertising cues similar to those used in the West. Campaigns carrying an unabashedly "elitist appeal" invariably focus on a fun-loving, clean-looking youth image or on people with style and taste.

Problems begin when a new campaign is expected to reach out to the rapidly growing middle classes — 10 to 20 percent of the total population.

Market researchers in India have had to discipline themselves to think of two distinct groups of people: the "modern" household, defined by Mr. Sehgal as houses where the wife goes out to work; and "traditional" families. The former are assumed to be more receptive to, say, new time-saving products, where the latter might be expected to stick to proven values.

Over the last two years, however, owing to the increased introduction of foreign goods on Indian markets under foreign brand names as well as "Indianized" names, this balance has been disrupted. Indian consumers are no longer as predictable as they once were.

Packaged foods and fast foods have suddenly become popular in big and medium-sized cities, which has meant the creation of a new market. Older products have similarly come to life: Until two years ago, because of the relatively high cost of a photographic print (about



\$1.50), Eastman Kodak's advertising in India concentrated on "once-in-a-lifetime" occasions; now, the cost of a print having decreased dramatically, Kodak color ads are prominent in every magazine, with a "take a photo for fun" message.

When it comes to the widening number of international brands available, most Indian advertisers agree that, despite all India's regional particularities, it is best to keep the products' internationally recognized images as constant as possible.

Atul Sharma is regional director

of Lintas, one of the few Indian agencies to have kept a foreign equity participation (with SSC&B of New York); other agencies, like Hindustan Thompson and Clarion, chose to divest themselves of their foreign equity 10 years ago to qualify for public-sector advertising in a country where government agencies such as Air India and the tourist bureau are the largest clients.

"Because we live in a protected environment, we have the freedom to say whatever we want, but even in India nowadays people need to trust brands," Mr. Sharma said.

Greece: No Limits on Ads for Cigarettes

By Andriana Ierodiaconou

ATHENS — Where in the world these days can you call a brand of cigarettes "Santé" — as in the French word for health — and get away with it?

Greece. The cigarettes are made by Constantinou Brothers. They come in a pretty, geranium-red box bearing the portrait of a blond 1930s-style beauty who looks like the words "lung cancer" would not melt in her mouth. Santés are very popular.

Greece is one Western European country — it became a full member of the European Community in 1981 — where health considerations have not caught up with cigarette advertising and marketing nor with consumer attitudes to tobacco products and smoking.

Greece is the fastest-growing Western European cigarette market. Manufacturers report that since 1981 consumption has increased at an annual rate of 5 percent despite yearly price rises. Greek smokers consumed more than 1.1 billion 20-cigarette packs last year, an average of more than 60 million cigarettes a day in a

country with a total population of nine million.

Those in the industry predict that these rates of growth will continue at least into 1987.

"It's the Mediterranean temperament, perhaps. The Greeks just don't get as intense and strident about the smoking issue as the northern Europeans do," said Roy Hancock, director of the Rothmans office in Athens.

Greek consumers have not remained unexposed to anti-smoking trends. In 1980, the conservative government tried a health and smoking campaign using television, radio, newspapers, magazines and posters to drive home the message "Cigarettes, or health." But the drive petered out when the government changed in 1981 and it was not revised by the Socialists.

The only lasting reform has been a ban on television and radio advertising for cigarettes. Cigarette ads are allowed in cinemas, on billboards and in the printed press. Health warnings are required nowhere.

Though promotional advertising is restricted by what international manufacturers operating in Greece describe as a web of legislation that

is not entirely clear, activities such as sponsorship of public events, is the main sponsor in terms of both money and services for the Acropolis Rally, one of Greece's main annual sporting events.

A key reason for the state's reluctance to limit cigarette advertising appears to be the existence of a significant Greek tobacco industry, ranging from farming to production.

Tobacco growing provides employment for more than 100,000 Greek families in the north of the country. The highest agricultural subsidy Greece receives from the EC goes to tobacco farmers. There are six main Greek cigarette-makers — some also deal in related products such as pipe tobacco — employing a total of about 4,300 people.

These industries are under threat as Greek consumers follow a worldwide trend away from dark Oriental-leaf tobacco — the sort mainly cultivated in Greece — in favor of so-called blond Virginia-style cigarettes. Since 1980, the market share of Virginia cigarettes in Greece has doubled, from about 12 percent to about 24 percent, even though they cost on average about twice as much as the domestic type. Switching to Virginia-leaf tobacco requires a capital invest-

ment that most Greek companies could not undertake easily.

Some pressure toward greater restriction on cigarette advertising, the introduction of health warnings and concerted anti-smoking campaigning is coming from the EC.

The Greek ministries are in contact on a committee level with their counterparts in the community. Something is bound to rub off," said the marketing manager of an international-brand cigarette company in Athens.

A draft law on cigarette advertising is reported to be in the pipeline, with the government consulting local manufacturers. Foreign companies say that they have indirectly fed in information on advertising legislation and marketing procedures abroad, in an effort to have a say in the drafting of the legislation.

If such a law is proposed, health considerations might again prove secondary to efforts to shield the local industry from foreign competition. One feature of the draft bill is reported to be a ban on printing tar and nicotine levels on cigarette packs.

International manufacturers say precise labeling would pose a problem for Greek companies, which lack the sophisticated testing facilities required to match foreign standards.

Triad Theory: How To Be Everywhere

(Continued From Page 8)

the office automation industry, you had better be in California, Boston or somewhere in Japan so that you can physically feel the "breathing" of the industry. If you are a semiconductor manufacturer, you need to visit Arrow and Hamilton, large chip distributors in the United States, or Kyushu, Japan's "Silicon Island." In the world fashion business, insiders in the sensitive zones such as Milan and increasingly Harajuku and Aoyama in Tokyo, pick up signals way ahead of their competitors who live elsewhere or who spread their operations thinly around the world.

Few companies have the capacity to be an insider in the triad on their own. With the possible exception of a few companies such as International Business Machines, Eastman Kodak, Nestlé and Xerox, most do not have strong enough distribution channels to penetrate all three regions. Moreover, there are too many relevant technologies for them to develop, as well as subtle adaptations in local design and promotion. Therefore alliances are formed so that companies can share research, products, sales, distribution and service.

Companies can penetrate parts of the triad on their own, but there are obstacles. Even in sophisticated multinationals, foreign management has been slighted. In the last few years, senior managers of foreign operations have been promoted and been given more responsibility. But few companies have seriously changed their headquarters organizations to fit the reality of the emergence of the triad.

The local operations of most multinationals tend to be shallow in terms of their ability to respond to differences in country markets. But "multinational" companies, with strong local autonomy in each of dozens of overseas affiliates, can be run in a democratic way. They are true insiders with indigenous management teams. Key countries and regions may not, however, receive enough attention in multinational companies. Unless supplemented by a broader perspective, local autonomy can result in blind spots where serious competitive erosions and market shifts are taking place.

Scale economies both in raw materials and production must be captured to stay competitive in large global markets. Electronic devices, for example, represent 30 percent of the cost of many consumer electronics products and are highly susceptible to production economies. Depending on the importance of scale, variations in customer requirements and other variables, multiregional structures are moving toward more or less regionally centralizing different functions.

It's not clear yet how much the marketing function will be centralized by companies seeking to sell worldwide. Those who argue that global competition and global markets will require identical, global products and pitches are naive or simply overstating their case.

It is also important to realize that, just as "downstream" activities such as marketing and distribution have become the most profitable functions of a business, they have also become very expensive. Penetrating and sustaining a brand name in a country can be more costly than building a production plant there.



"Of course I'm sure, I read it in Business Week International."

Marisa Bellisario
Chief Executive
Italian Telecom

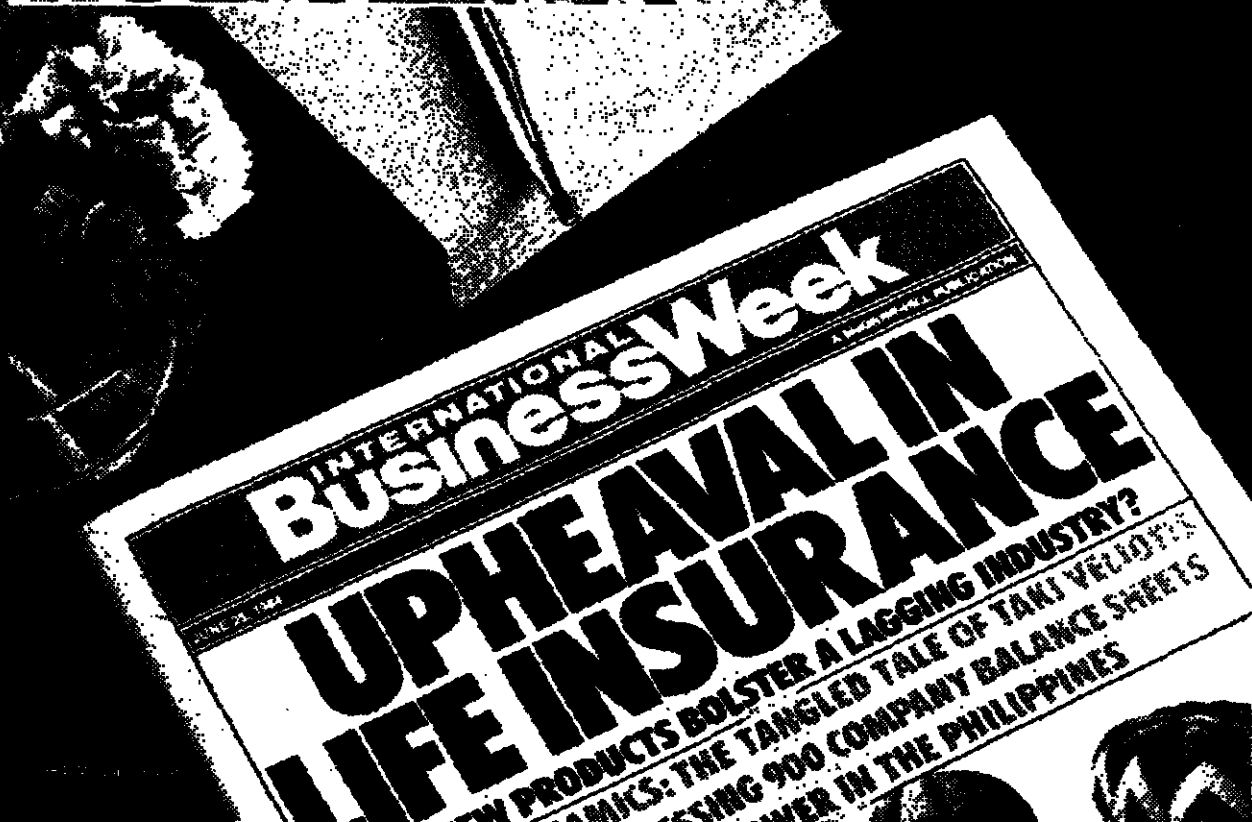
Marisa Bellisario is the chief executive of Italy's largest telecommunications manufacturing company. And no one knows better than she that no matter what a company's national origin, it has to be international in outlook to prosper. In just the last three years, she has explored partnerships with companies in the U.S., Japan and France as well as her native Italy.

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MONDAY, OCTOBER 1, 1984

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EUROBONDS

International Investors Fail To Copy New York's Rally

By CARL GEWIRTZ

International Herald Tribune

PARIS — International investors are either shell-shocked by the dollar's volatility on the foreign exchange market or simply less sanguine than U.S. investors about the outlook for interest rates. Whatever the reason, the spirited rally in the New York bond market last week failed to find much echo in the Eurobond market.

The New York rally started to run out of steam late Friday, when Washington reported that the index of leading economic indicators — whose movement supposedly foreshadows coming events — rose 0.5 percent. This was at the high end of what the marketplace had anticipated.

And was bad news for the bond market, which is counting on slower economic growth leading to lower interest rates.

Despite the late easing in New York prices, the traditional gap between yields in the U.S. and international bond markets remained unusually narrow. For bond dealers, this means that prices on Eurobonds have to rise so that yields (which move inversely to prices) decline and thus restore the normal wider gap with New York, or that prices fall in New York driving yields higher there.

According to this analysis, buying Eurobonds looks like a safe investment because prices should either remain stable or rise. And yet, there has been no rush. This caution is explained by the lingering worries that after the current pause, dollar interest rates will ultimately be pushed higher and by the fear that the dollar's current overvaluation will inevitably be replaced by a massive swing to undervaluation when the current euphoria in the exchange market evaporates.

The current volume of new business is being maintained, bankers report, by the flow of funds coming into the market through payment of interest and principal on outstanding issues. This dollar income is being reinvested in dollars, but the experts say there is little sign of "new" money being committed to Eurodollar bonds.

According to Orion Royal Bank's annual analysis of these fund flows, this "old" money flow is quite substantial. The bank has estimated that in September through November (some of the issues currently being offered call for payment in November), an average of \$2.8 billion per month is available for reinvestment. The bank's figures show that dollar payments, on average, account for 73 percent of the total.

JUDGING by the performance of prices, a lot of the dollars available for investment have been going to buy warrants. The Eurobond warrants have more than doubled from the end-July offering price of \$16 to Friday's \$39 bid, \$42 offered. The Comstock warrants, offered at \$17 1/2 at end-June, are currently \$43-\$47. The smallest gain is shown by Weyerhaeuser, which only a week ago offered warrants at \$24. They are now worth \$30-\$32, a gain of about 25 percent.

Warrants are attractive because of the low cash outlay required, the long lifetime of three-to-five years, compared with 12 months for interest-rate futures or options contracts, and the opportunity these factors create for speculators worried about interest-rate and exchange-rate developments to hedge their bets. The relatively low cost means limited loss if interest rates soar or the dollar plummets or both, but it also means tremendous gains if interest rates plummet. On top of this, the relatively long life increases the chance of winning.

Despite the substantial price increases already registered, analysts at Société Générale Strauss Turnbull, the London-based dealer specializing in warrants, argue that warrants are still look cheap relative to yields available in the secondary market.

In a telephone interview, Willy Dunn, the director, noted that the General Electric warrants are trading at \$77 1/2-\$80 1/2. The

(Continued on Page 19, Col. 1)

At Benetton Boutiques, Careful Strategy Pays Off

By John Tagliabue

New York Times Service

TREVISO, Italy — When it opens a new boutique, Benetton is usually satisfied with a modest appearance — a bright green facade, say, and wooden clothing shelves propped against the walls. The overall effect is, to say the least, unimpressive, as befits the fashion equivalent of fast food.

But several years ago, when Benetton sought to open a boutique along Zurich's meticulous Bahnhofstrasse, the avenue's store owners and bankers objected that the design was below-standard. Benetton adapted, overcoming the resistance with ingenious window displays and elegant furnishings, and now the shop is among Benetton's most profitable.

The resolution of the run-in with Zurich's arbiters of taste demonstrates the elasticity that Benetton has applied in becoming Italy's fastest-growing fashion empire.

The question now is whether the company's prescription for success in Europe will work in the United States. It entered the fiercely competitive, upscale market for youthful women's clothing in 1980, when it opened its first store in New York.

"Obviously, marketing will be extremely important because of the rapid turnover in trends,"



Luciano Benetton, chairman of Benetton, and the other members of the family who operate the company. From left, Gilberto, Carlo and Giuliana Benetton.

said Jay Fairfield, a retail-trade analyst at Piper, Jaffray & Hopwood in Minneapolis. "The ones that seem to have more difficulty are those catering to younger tastes, because of the fickleness of younger consumers. It's not so much a risk factor, but they'll probably have to work harder to maintain interest."

In large measure, the company's success in Europe can be traced to the efficiency of its computerized inventory system,

which, in linking its stores, provides immediate intelligence reports on shifts in what customers want, enabling the company to make immediate adjustments in production.

Thus, much of Benetton's knitwear is produced in neutral gray so the company can quickly dye it in any of 60 hues according to changing customer demand.

By any standard, the growth of Benetton, which has 2,600 shops, including 180 in North America,

has been extraordinarily steady and free of problems. Revenue this year is expected to reach \$330 million.

The company's headquarters are the 17th-century Villa Manin, with magnificently restored frescoes, in this provincial Venetian town. And it farms out much of its work to small suppliers, about 200 of them in nearby villages, whose nonunion wages and

(Continued on Page 21, Col. 5)

Argentina Makes \$200 Million In Repayments

Compiled by Our Staff From Dispatches

NEW YORK — Argentina is repaying \$200 million in overdue interest and loans under the latest agreement reached with its creditor banks.

Argentina paid \$100 million of overdue interest to its creditor banks on Friday, the day the accord was reached. It is repaying a \$100-million loan on Monday.

In return for the payments, the bank committee that is coordinating debt negotiations agreed to recommend to 320 creditor banks an extension of an overdue \$750-million bridge loan until Jan. 15. The loan was to have been paid on Sept. 15.

The accord was a compromise between the government of President Raúl Alfonsín, which was unwilling to draw on its meager reserves, and the banks, which sought even larger repayments.

The two sides also agreed to start talks in mid-October on \$3 billion to \$5 billion in new loans that Argentina will need through 1985. The country currently owes \$45 billion.

Citibank said the Argentine government asserted that it was essential to work with its creditor banks and take necessary steps to ensure that new loans could be raised. Bankers said they hoped the pledge would help restore confidence in Argentina.

The payment made Friday from Argentina's reserves will bring interest on public-sector debt current to April 24. The \$100 million loan to be paid Monday had been advanced by the 11-bank committee as part of a rescue package on March 30. The loan was secured by Argentine deposits at the Federal Reserve Bank of New York.

As a result of the payments, interest will be less than 180 days late when U.S. banks close their books at the end of the third quarter. If payment had been more than 180 days late, federal regulators might have forced banks to set aside more reserves.

The agreement was made possible by a letter of intent announced Tuesday at the International Monetary Fund and World Bank annual meeting in Washington. It calls for Argentina to make economic readjustments in return for a total IMF credit of 1,419 special drawing rights (\$1.6 billion).

Approval of the letter of intent by the IMF executive board is conditioned on Argentina raising new money from commercial banks.

William R. Rhodes of Citibank, who leads the debt committee, said his panel "welcomed the agreement with the IMF and would continue to cooperate with Argentina in seeking a solution to the commercial

bank portion of its 1984-85 financial requirements."

Announcement of the two payments was made late Friday by Citibank after a day of intense talks with top Argentine officials.

Bankers attending the IMF meeting last week were virtually unanimous that no new loans or refinancing would be considered until a way can be found for Argentina to pay its remaining \$800 million to \$900 million in interest that is in arrears and to finally repay the \$750-million loan. (UPI, Reuters)

■ **Chorus of Skepticism**
William D. Montalbano of the Los Angeles Times reported from Buenos Aires:

A chorus of skepticism from business and political leaders greeted an assertion Friday by President Alfonsín that Argentina's agreement with the International Monetary Fund could be implemented without triggering a recession.

Spokesmen for the private sector predicted major belt-tightening, and labor leaders warned of the social consequences. Inflation is running at a rate of 700 percent a year.

Commentators predicted that successfully putting the accord into effect could be politically costly for Mr. Alfonsín.

On his return Thursday from a visit to the United States, where he met with President Ronald Reagan and key bankers, Mr. Alfonsín hailed the accord and insisted that it was "in no way recessive." He said agreement had come on the basis of proposed stabilization policies that Argentina submitted to the IMF in June.

The 31-point agreement made public last week in Washington, however, imposes basically the same austerity plan that has been applied with IMF approval in other major debtor nations in Latin America.

Banks Agree to Explore Yugoslavian Debt Plan

United Press International

NEW YORK — The coordinating committee representing Yugoslavians' 600 bank creditors has agreed to "explore the possibility" of multi-year refinancing for part of the country's \$19.5-billion foreign debt.

The bank coordinating committee, headed by Manufacturers Hanover Trust, said Friday that the proposal will be considered, provided the multi-national agencies such as the International Monetary Fund and government creditors "will be prepared to develop programs on a comparable basis."

U.S. Failures Cited in Insider Cases

Agencies Often Miss Fraud at Failing Banks, Study Says

By David A. Vise

Washington Post Service

WASHINGTON — Fraud by personnel in banks and savings and loan associations frequently is neither detected nor prosecuted, even though it is one of the principal causes of bank failures, according to the chairman of a House subcommittee that plans to release a report on the subject this week.

Representative Doug Barnard Jr., a Georgia Democrat who chairs the commerce, consumer and monetary affairs subcommittee of the Government Operations Committee, said last week that the report criticizes federal regulators for their "poor record" of investigating and bringing action against insiders whose fraudulent activities are often tied to bank failures.

The report, Mr. Barnard said, was based on congressional hearings and a 15-month investigation of insider abuse in U.S. financial institutions.

He said the study had found that the Justice Department has failed to discourage criminal behavior by insiders because of its reluctance to bring criminal charges of insider

abuse in institutions that have not failed.

Insider abuse refers to misconduct by officers, directors and other employees with the intent to enrich themselves and without regard for the safety of the institutions.

The Justice Department also has a poor record of following up on criminal referrals made by regulatory agencies, Mr. Barnard said.

In general, however, the department has a good record of prosecuting insiders after an institution has failed, Mr. Barnard said.

"Our report will show that in 60 percent of the bank failures we studied, there was some indication of criminal abuse or activity," he said. "And at one point during our study, we found 435 criminal referrals by the banking agencies to the Justice Department in which no case had been brought at all. This is a sad record."

Part of the problem is that when the banking agencies do make criminal referrals, "they are generally weak and ineffective," Mr. Barnard said. "Their referral documents frequently lack adequate factual details and any analysis re-

lating facts to statutory violations."

The agencies criticized in the report are the Federal Reserve, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corp., the Federal Home Loan Bank Board and the Justice Department, Mr. Barnard said.

All of the agencies except the Bank Board declined comment on the grounds that they had not had a chance to review the study.

"I heartily support most of the recommendations in the study, but I resist some of the conclusions that are critical of criminal referrals because they lump all of the banking agencies together," said Rosemary Stewart, director of the bank board's enforcement division.

The release of the study of insider abuse comes amid growing concern about the stability of some U.S. banks and S&Ls, including some of the largest institutions.

The subcommittee that issued the report has previously examined the failures of Franklin National Bank in New York, Penn Square Bank in Oklahoma City and United American Bank of Knoxville, Tennessee.

U.S., Japanese Industrialists At Odds in Poll on Policies

By Stuart Auerbach

Washington Post Service

WASHINGTON — Members of a high-level committee of U.S. and Japanese industrialists differ on the impact of their governments' industrial policies on trade competitiveness, a new study reveals.

The Americans on the panel described U.S. government policies as "haphazard," and said the policies "frequently conflict with one another and the positive effects of many are often offset by the negative effects of many others."

To the Japanese, however, the grab-bag of U.S. and state policies affecting business "result in focused effects on specific industries" that enhance U.S. industries.

The same split was seen when asked about Japan's industrial policies. Japanese members of the study minimized the effects of the policies. The Americans, while acknowledging that Japan has eased many of its industrial policies, found that many industries continue to reap benefits from past government help.

The study, released Friday, was undertaken by the Japan-U.S. Business Conference, which consists of about 70 senior business leaders from each country who are involved significantly in U.S.-Japanese commerce.

Past policies of the Japanese government, the U.S. members said, were "critical" to the success of vital industrial segments ranging from high-tech industries such as semiconductors, computers and telecommunications to the more traditional areas of shipbuilding, steel and automobiles.

The Japanese were equally strong in listing U.S. policies they believed harmed their sales in this country, including "Buy America" laws enacted by Congress and 36 states.

They said U.S. laws against unfair trade practices have been "misused or abused" by U.S. companies trying to limit import competition, thus forcing Japanese companies "to lay out considerable costs to defend themselves."

International Lenders Await Terms As Credit National Comes to Market

By Carl Gewirtz

International Herald Tribune

PARIS — The major focus of the international credit market last week was on which bank would win the mandate to bring Credit National of France to the market and what form the operation would take.

The state credit institution is expected to seek up to \$500 million and most bankers assume this will be used as a back-up line of credit for the issuance of commercial paper in New York.

Estimates on the size of the operation, which start as low as \$250 million, vary because Credit National is expected to roll together a renegotiation on terms for an outstanding line of credit and a request for a new commitment.

There was also keen interest in whether the trial balloon being floated by Credit Commercial de France (CCF) on behalf of Mexico would succeed in re-introducing that troubled borrower to the market.

Emphasizing that it has no official mandate to proceed with any transaction, CCF says it is sounding out the market to see whether there is support for a loan of up to \$500 million for Nafinsa, a Mexican state credit agency. If it works, this would be the first loan unsupported by official arm-twisting from Mexico since 1982 when its debt crisis erupted.

To facilitate Mexico's re-entry to the marketplace, the proposed loan is being presented as a co-financing with the Inter-American Development Bank.

This is expected to be more attractive to prospective lenders than an ordinary loan, because Latin debt to the multilateral development banks such as the IADB have not been rescheduled and service payments have been kept current.

The planned total loan to Nafinsa, to be used to develop and modernize of hotel

rooms in Mexico, would total \$250 million of which more than half would be in foreign currency. The bulk of that would be provided directly by the IADB, which would also participate in the commercial bank loan.

The proposed commercial loan would run for 10 years and interest would be set at 1 1/2 points over the London interbank offered rate. These terms have caused some upset with the banks currently managing the proposed restructuring of \$48.5 billion worth of existing debt for 14 years at an average rate of 1 1/2 points over Libor.

The fear is that the higher margin and shorter maturity of the new loan may complicate winning acceptance of the rescheduling terms.

In other business, Finland's leading commercial bank, Kansallisoikeus-Pankki is seeking a seven-year, \$75-million line of credit as back up for the sale of commercial paper in New York. The creditors are being offered 6 1/2% basis points, or 1/16 percent, as a fee for holding the money in reserve.

If the bank was unable to roll-over its commercial paper, the underwriters would be obliged to take up its certificates of deposit, which would carry a maximum return of 4 point over Libor.

Backing the CD operation, which could take up to five days to complete, is a bank loan. Interest on that would be set at the prime rate, as quoted by the lead manager, Manufacturers Hanover Trust. The bank loan would be available for a maximum period of 10 days. If it were used more than three times, the interest charge on each subsequent drawing would rise by 1/16 percentage point.

Meanwhile, in the Eurocommercial paper market, CSR of Australia is preparing to raise \$300 million, and banks are being asked to provide a 12-year back-up line of credit. The banks would be paid an annual fee of 10 basis points for the first three years and 12 1/2 basis points thereafter.

In addition, they would earn a one-time front-end commission of 20 basis points.

For the first five years, the commercial paper would be sold by CSR at a maximum charge of 20 basis points over Libor. For the next two years, the maximum charge rises to 25 basis points over Libor, then to 30 basis points during the next three years and then to 37 1/2 basis points in the final two years.

If the notes cannot be sold and CSR is forced to draw directly from the banks, the cost of borrowing will rise by five basis points.

Currency Rates

Official fixings for Amsterdam, Brussels, Milan, Paris, New York rates of 4 P.M. EDT.

	\$	£	D.M.	F.F.	Y.L.	Chf.	S.F.	S.P.	Y.S.
Amsterdam	3.41	4.22	112.72	26.75	0.181	5.84	136.48	139.85	2.162
Brussels	61.30	76.46	20.75	6.08	0.181	17.95	24.25	25.16	1.655
Frankfurt	3.828	3.77	32.42	22.81	0.181	4.94	121.43	124.2	1.655
London (1)	1.227	—	3.784	11.093	2.3443	4.267	76.425	117.73	20.48
Milan	1,882.25	2,244.04	622.43	222.43	—	55.22	20.482	75.18	7.268
Paris	6.545	1.226	3.7076	9.42	1.0935	4.4776	2,513	246.05	—
Stockholm	9.284	11.078	264.92	—	4.9325	272.15	15.127	271.25	3.765
Tokyo	245.275	264.00	81.57	26.39	13.01	71.31	399.39	95.37	—
Zurich	2.915	2.1136	82.39	24.85	0.1336	72.11	4.031	—	1.028
1 BCU	0.7289	0.5977	2.2245	4.8888	1.38772	2.5194	45.314	1.846	187.89
1 SDR	0.94905	0.80497	3.0229	9.27476	1.28128	3.4564	61.2089	2.495	245.26

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Union Vows to Widen Renault Strike

The Associated Press

PARIS — The General Confederation of Labor pledged Sunday to expand its strike against Renault to protest the automaker's refusal to advance the date of negotiations on wages and vacation time.

The conflict came at a particularly difficult time for Renault, which shipped to sixth place among European car manufacturers during the first half of 1984. It had been first in 1983.

In addition, a prolonged disruption of Renault production lines would upset a major marketing effort being launched for the company's newest car, the Super-5. That model, a replacement of the Renault 5, is a key element in Renault's strategy to expand exports and improve its finances.

Last week, strikes and work

slowdowns hit five major Renault factories and several smaller subsidiaries. Over the weekend, three factories remained affected, with the most serious labor resistance concentrated at the Douai plant in northern France. There are 8,300 workers at Douai.

The CGT, which is the strongest union in the French auto industry, said it would call on all Renault employees on Monday to take radical action, "including the occupation of factories" unless Renault management agreed to begin negotiations immediately.

Renault has set Thursday for the beginning of negotiations and has refused to advance that date.

The union is demanding that workers' wages and bonuses be increased, and that they be given the right to choose when to take their

fifth week of paid vacation. The company is insisting that the fifth week be taken between Christmas and New Year's Day.

The CGT, which has close links to the Communist Party, is also demanding that Renault, a state-owned group, negotiate its employment policies.

That demand is a direct challenge to the Socialist government's restructuring program, which is aimed at streamlining heavy industry.

Under the plan, tens of thousands of jobs have been or will be cut from coal, steel, shipbuilding, automaking and other traditional industries over the next few years.

Renault has announced plans to cut 15,300 jobs by 1986.

The program was the main reason the Communists left the government last summer.

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Prices may vary according to market conditions and other factors.

(Continued from Page 6)

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Closing Prices Sept. 26, 1964

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	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	2974	2975	2976	2977	2978	2979	2980	2981	2982	2983	2984	2985	2986	2987	2988	2989	2990	2991	2992	2993	2994	2995	2996	2997	2998	2999	3000
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For the Week Ending Sept. 28, 1984

[illegible][illegible][illegible][illegible][illegible][illegible]

City
New York

[illegible]

Com.	Price	Chg.	Settle	%
oil 12B	22.75	1.25	24.00	5.5
oil 12C	22.75	1.25	24.00	5.5
oil 12D	22.75	1.25	24.00	5.5
oil 12E	22.75	1.25	24.00	5.5
oil 12F	22.75	1.25	24.00	5.5
oil 12G	22.75	1.25	24.00	5.5
oil 12H	22.75	1.25	24.00	5.5
oil 12I	22.75	1.25	24.00	5.5
oil 12J	22.75	1.25	24.00	5.5
oil 12K	22.75	1.25	24.00	5.5
oil 12L	22.75	1.25	24.00	5.5
oil 12M	22.75	1.25	24.00	5.5
oil 12N	22.75	1.25	24.00	5.5
oil 12O	22.75	1.25	24.00	5.5
oil 12P	22.75	1.25	24.00	5.5
oil 12Q	22.75	1.25	24.00	5.5
oil 12R	22.75	1.25	24.00	5.5
oil 12S	22.75	1.25	24.00	5.5
oil 12T	22.75	1.25	24.00	5.5
oil 12U	22.75	1.25	24.00	5.5
oil 12V	22.75	1.25	24.00	5.5
oil 12W	22.75	1.25	24.00	5.5
oil 12X	22.75	1.25	24.00	5.5
oil 12Y	22.75	1.25	24.00	5.5
oil 12Z	22.75	1.25	24.00	5.5
oil 12AA	22.75	1.25	24.00	5.5
oil 12AB	22.75	1.25	24.00	5.5
oil 12AC	22.75	1.25	24.00	5.5
oil 12AD	22.75	1.25	24.00	5.5
oil 12AE	22.75	1.25	24.00	5.5
oil 12AF	22.75	1.25	24.00	5.5
oil 12AG	22.75	1.25	24.00	5.5
oil 12AH	22.75	1.25	24.00	5.5
oil 12AI	22.75	1.25	24.00	5.5
oil 12AJ	22.75	1.25	24.00	5.5
oil 12AK	22.75	1.25	24.00	5.5
oil 12AL	22.75	1.25	24.00	5.5
oil 12AM	22.75	1.25	24.00	5.5
oil 12AN	22.75	1.25	24.00	5.5
oil 12AO	22.75	1.25	24.00	5.5
oil 12AP	22.75	1.25	24.00	5.5
oil 12AQ	22.75	1.25	24.00	5.5
oil 12AR	22.75	1.25	24.00	5.5
oil 12AS	22.75	1.25	24.00	5.5
oil 12AT	22.75	1.25	24.00	5.5
oil 12AU	22.75	1.25	24.00	5.5
oil 12AV	22.75	1.25	24.00	5.5
oil 12AW	22.75	1.25	24.00	5.5
oil 12AX	22.75	1.25	24.00	5.5
oil 12AY	22.75	1.25	24.00	5.5
oil 12AZ	22.75	1.25	24.00	5.5
oil 12BA	22.75	1.25	24.00	5.5
oil 12BB	22.75	1.25	24.00	5.5
oil 12BC	22.75	1.25	24.00	5.5
oil 12BD	22.75	1.25	24.00	5.5
oil 12BE	22.75	1.25	24.00	5.5
oil 12BF	22.75	1.25	24.00	5.5
oil 12BG	22.75	1.25	24.00	5.5
oil 12BH	22.75	1.25	24.00	5.5
oil 12BI	22.75	1.25	24.00	5.5
oil 12BJ	22.75	1.25	24.00	5.5
oil 12BK	22.75	1.25	24.00	5.5
oil 12BL	22.75	1.25	24.00	5.5
oil 12BM	22.75	1.25	24.00	5.5
oil 12BN	22.75	1.25	24.00	5.5
oil 12BO	22.75	1.25	24.00	5.5
oil 12BP	22.75	1.25	24.00	5.5
oil 12BQ	22.75	1.25	24.00	5.5
oil 12BR	22.75	1.25	24.00	5.5
oil 12BS	22.75	1.25	24.00	5.5
oil 12BT	22.75	1.25	24.00	5.5
oil 12BU	22.75	1.25	24.00	5.5
oil 12BV	22.75	1.25	24.00	5.5
oil 12BW	22.75	1.25	24.00	5.5
oil 12BX	22.75	1.25	24.00	5.5
oil 12BY	22.75	1.25	24.00	5.5
oil 12BZ	22.75	1.25	24.00	5.5
oil 12CA	22.75	1.25	24.00	5.5
oil 12CB	22.75	1.25	24.00	5.5
oil 12CC	22.75	1.25	24.00	5.5
oil 12CD	22.75	1.25	24.00	5.5
oil 12CE	22.75	1.25	24.00	5.5
oil 12CF	22.75	1.25	24.00	5.5
oil 12CG	22.75	1.25	24.00	5.5
oil 12CH	22.75	1.25	24.00	5.5
oil 12CI	22.75	1.25	24.00	5.5
oil 12CJ	22.75	1.25	24.00	5.5
oil 12CK	22.75	1.25	24.00	5.5
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oil 12CM	22.75	1.25	24.00	5.5
oil 12CN	22.75	1.25	24.00	5.5
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oil 12CP	22.75	1.25	24.00	5.5
oil 12CQ	22.75	1.25	24.00	5.5
oil 12CR	22.75	1.25	24.00	5.5
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oil 12CT	22.75	1.25	24.00	5.5
oil 12CU	22.75	1.25	24.00	5.5
oil 12CV	22.75	1.25	24.00	5.5
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oil 12CX	22.75	1.25	24.00	5.5
oil 12CY	22.75	1.25	24.00	5.5
oil 12CZ	22.75	1.25	24.00	5.5
oil 12DA	22.75	1.25	24.00	5.5
oil 12DB	22.75	1.25	24.00	5.5
oil 12DC	22.75	1.25	24.00	5.5
oil 12DD	22.75	1.25	24.00	5.5
oil 12DE	22.75	1.25	24.00	5.5
oil 12DF	22.75	1.25	24.00	5.5
oil 12DG	22.75	1.25	24.00	5.5
oil 12DH	22.75	1.25	24.00	5.5
oil 12DI	22.75	1.25	24.00	5.5
oil 12DJ	22.75	1.25	24.00	5.5
oil 12DK	22.75	1.25	24.00	5.5
oil 12DL	22.75	1.25	24.00	5.5
oil 12DM	22.75	1.25	24.00	5.5
oil 12DN	22.75	1.25	24.00	5.5
oil 12DO	22.75	1.25	24.00	5.5
oil 12DP	22.75	1.25	24.00	5.5
oil 12DQ	22.75	1.25	24.00	5.5
oil 12DR	22.75	1.25	24.00	5.5
oil 12DS	22.75	1.25	24.00	5.5
oil 12DT	22.75	1.25	24.00	5.5
oil 12DU	22.75	1.25	24.00	5.5
oil 12DV	22.75	1.25	24.00	5.5
oil 12DW	22.75	1.25	24.00	5.5
oil 12DX	22.75	1.25	24.00	5.5
oil 12DY	22.75	1.25	24.00	5.5
oil 12DZ	22.75	1.25	24.00	5.5
oil 12EA	22.75	1.25	24.00	5.5
oil 12EB	22.75	1.25	24.00	5.5
oil 12EC	22.75	1.25	24.00	5.5
oil 12ED	22.75	1.25	24.00	5.5
oil 12EE	22.75	1.25	24.00	5.5
oil 12EF	22.75	1.25	24.00	5.5
oil 12EG	22.75	1.25	24.00	5.5
oil 12EH	22.75	1.25	24.00	5.5
oil 12EI	22.75	1.25	24.00	5.5
oil 12EJ	22.75	1.25	24.00	5.5
oil 12EK	22.75	1.25	24.00	5.5
oil 12EL	22.75	1.25	24.00	5.5
oil 12EM	22.75	1.25	24.00	5.5
oil 12EN	22.75	1.25	24.00	5.5
oil 12EO	22.75	1.25	24.00	5.5
oil 12EP	22.75	1.25	24.00	5.5
oil 12EQ	22.75	1.25	24.00	5.5
oil 12ER	22.75	1.25	24.00	5.5
oil 12ES	22.75	1.25	24.00	5.5
oil 12ET	22.75	1.25	24.00	5.5
oil 12EU	22.75	1.25	24.00	5.5
oil 12EV	22.75	1.25	24.00	5.5
oil 12EW	22.75	1.25	24.00	5.5
oil 12EX	22.75	1.25	24.00	5.5
oil 12EY	22.75	1.25	24.00	5.5
oil 12EZ	22.75	1.25	24.00	5.5
oil 12FA	22.75	1.25	24.00	5.5
oil 12FB	22.75	1.25	24.00	5.5
oil 12FC	22.75	1.25	24.00	5.5
oil 12FD	22.75	1.25	24.00	5.5
oil 12FE	22.75	1.25	24.00	5.5
oil 12FF	22.75	1.25	24.00	5.5
oil 12FG	22.75	1.25	24.00	5.5
oil 12FH	22.75	1.25	24.00	5.5
oil 12FI	22.75	1.25	24.00	5.5
oil 12FJ	22.75	1.25	24.00	5.5
oil 12FK	22.75	1.25	24.00	5.5
oil 12FL	22.75	1.25	24.00	5.5
oil 12FM	22.75	1.25	24.00	5.5
oil 12FN	22.75	1.25	24.00	5.5
oil 12FO	22.75	1.25	24.00	5.5
oil 12FP	22.75	1.25	24.00	5.5
oil 12FQ	22.75	1.25	24.00	5.5
oil 12FR	22.75	1.25	24.00	5.5
oil 12FS	22.75	1.25	24.00	5.5
oil 12FT	22.75	1.25	24.00	5.5
oil 12FU	22.75	1.25	24.00	5.5
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oil 12FY	22.75	1.25	24.00	5.5
oil 12FZ	22.75	1.25	24.00	5.5
oil 12GA	22.75	1.25	24.00	5.5
oil 12GB	22.75	1.25	24.00	5.5
oil 12GC	22.75	1.25	24.00	5.5
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oil 12GE	22.75	1.25	24.00	5.5
oil 12GF	22.75	1.25	24.00	5.5
oil 12GG	22.75	1.25	24.00	5.5
oil 12GH	22.75	1.25	24.00	5.5
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oil 12GW	22.75	1.25	24.00	5.5
oil 12GX	22.75	1.25	24.00	5.5
oil 12GY	22.75	1.25	24.00	5.5
oil 12GZ	22.75	1.25	24.00	5.5
oil 12HA	22.75	1.25	24.00	5.5
oil 12HB	22.75	1.25	24.00	5.5
oil 12HC	22.75	1.25	24.00	5.5
oil 12HD	22.75	1.25	24.00	5.5
oil 12HE	22.75	1.25	24.00	5.5
oil 12HF	22.75	1.25	24.00	5.5
oil 12HG	22.75	1.25	24.00	5.5
oil 12HH	22.75	1.25	24.00	5.5
oil 12HI	22.75	1.25	24.00	5.5
oil 12HJ	22.75	1.25	24.00	5.5
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oil 12HX	22.75	1.25	24.00	5.5
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oil 12HZ	22.75	1.25	24.00	5.5
oil 12IA	22.75	1.25	24.00	5.5
oil 12IB	22.75	1.25	24.00	5.5
oil 12IC	22.75	1.25	24.00	5.5
oil 12ID	22.75	1.25	24.00	5.5
oil 12IE	22.75	1.25	24.00	5.5
oil 12IF	22.75	1.25	24.00	5.5
oil 12IG	22.75	1.25	24.00	5.5
oil 12IH	22.75	1.25	24.00	5.5
oil 12II	22.75	1.25	24.00	

Price	Com. Part	Com. Price	Per. 50%
100	100	100	100
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97	97	97	97
96	96	96	96
95	95	95	95
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10	10	10	10
9	9	9	9
8	8	8	8
7	7	7	7
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5	5	5	5
4	4	4	4
3	3	3	3
2	2	2	2
1	1	1	1

On convertibles having a conversion premium of less than 10%.

[illegible]

CDS	Canadian Dollar	SDR	Special Drawing Rights
ECU	European Currency Unit	Y	Yen
EMA	European Unit of Account	LFR	Luxembourg Franc
L	Pound Sterling	SFR	Swiss Franc
DM	Deutsche Mark	FR	French Franc

At Benetton Boutiques, Careful Strategy Pays Off

(Continued from Page 17)

low overhead keep production costs low and offer insulation against labor troubles.

Benetton's clothes are created on computer-aided design terminals, and woven on microprocessor-controlled looms. Its vital electronic inventory system, which tracks stock flows by connecting shops across Europe to a central computer, may soon be linked with Washington and Tokyo by satellite.

In a world rooted in the artisan tradition of Italian tailoring, and dominated by high-fashion designers like Gianni Versace and Otavio Missoni, Benetton found success by becoming the industry maverick. It follows fashion rather than creating it, and manufactures the company's classic, colorful and affordable clothing on a mass industrial scale.

"We were never content with what we had achieved," Benetton's founder and chairman, Luciano Benetton, a relaxed, open man of 49, said recently. "Without exaggerating, I'd say we tried to be pessimists, always to feel threatened. The idea was to become industrialists, specialists."

The company was founded in 1966 by Mr. Benetton's sister, Giuliana, now chief of design, and their brothers, Gilberto, now the financial officer, and Carlo, chief of production.

Giuliana, 47, who had a gift for design, persuaded Luciano, then a clothing salesman, that she could design clothing if he could manufacture and sell it. The company opened its first shop in Belluno, in northern Italy, in 1968, and rapidly moved from cardigans, sweaters and other knitwear into denim jeans — just in time to catch the jeans explosion of the mid-1970s and to into cotton clothes and T-shirts.

By 1973, when Benetton made its first move outside Italy, to Paris, there were 200 or so stores in Italy, and generally a new store was opening every day.

But analysts say the real move came in 1978, when the wave of casual dress that had swept the United States leaped the Atlantic. The number of Benetton shops in Italy rose to about 1,500 and there was a large expansion in France, West Germany, Britain and other European countries.

"We were conscious of our limits," Mr. Benetton said. "We developed one collection at a time: first there was wool; then came jeans, denim, the rest."

From 1980 to 1983, revenues more than doubled, to \$271 million. In 1984, Mr. Benetton said, he expects sales to \$330 million. Net income in 1983 was \$5.8 million, which will be equaled or surpassed this year, he said.

The family has also invested in other companies, including a 50-percent stake in Fiorucci, the clothing manufacturer, and a controlling share in Calzaturificio di Varese, a shoe company. Estimates of annual revenues of all the family holdings run as high as \$800 million.

Benetton has stores in 26 countries. One of its more recent markets is Japan, which the company views as the linchpin of a strategy to penetrate much of the Far East.

The growth of the U.S. chain has been rapid. The company now has 180 stores in North America, including at least one in every state. This year, Benetton expects North America to account for up to 8 percent of total revenues.

"It's a territory, I would not say difficult, but different from Europe," he said. "Naturally, our results there have been uneven. The capacity to appreciate us varies in the Northeast or in the West."

In Europe, Benetton relies largely on its tight network of shops, with their radiant green facades, for advertisement, investing only about 2 percent of its budget in direct advertising. To offset its thin coverage in the United States, however, Benetton is undertaking a \$4-million campaign, designed by J. Walter Thompson. And the new stores will keep coming, the company maintains.

What is Benetton's potential in the United States? "Objectively, we don't think it will be like Europe," Mr. Benetton said. "The percentages will be lower. But we have to be classic. We cannot pretend that in any of our markets we are secure."

Producers, Consumers Near Coffee Pact

Reuters

LONDON — Coffee producers and consumers moved toward an agreement on prices and quotas Sunday as the Monday deadline for expiration of their current accord approached, delegates said.

Differences between the two sides at the annual International Coffee Organization quota negotiations in London were minimal, and the size of the overall quota the only major outstanding issue.

Leading delegates from both sides expressed confidence that a small drafting group would come up with an acceptable text which could be presented to the full ICO council.

ICO members, who handle most of the world's imports and exports of coffee, have spent the past two weeks discussing quotas for stabilizing prices during the new coffee year.

Delegates said producers had more or less conceded that the price stabilization range should remain the same, at a level of \$1.20 to \$1.40 a pound. The market price is now around \$1.41.

Published every Monday, this is a compilation of senior positions published in the INTERNATIONAL HERALD TRIBUNE and other selected publications. Comments concerning this feature can be addressed to Max Ferrero in Paris.

POSITION	SALARY	EMPLOYER	LOCAT.	QUALIFICATIONS	CONTACT	Source
CHARGE(E) DE MISSION		Important groups (banks (fleet of equipments).		Form. exp. (Général de Commerce, MBA ou équivalent; min. 20 ans; connaissance commerce Int'l; Fr., Ang.; fréquents déplacements.	Ref. 5385, Media-System, 104 Rue Roumoy, 75001 Paris Cedex 02.	L.A.T. 13-9-84
CORPORATE AUDITOR	Generous	Major Multinational Company.	Major European City	25-40; min. 3 yrs. audit exp.; prof. Int'l. firm of public accountants; Eng. + Ger., Fr. or Ital.	Chiffre 2333 2a, Boulevard Foch, 92 92122 Neuilly-sur-Seine.	L.A.T. 13-9-84
INTERNATIONAL AUDIT MANAGER	Excellent	Well & Hurrell	Shelton, Illinois, U.S.A.	Fast-track, self-starter; Eng. + Ital., Fr. or Ger.; 30-35% travel; up to 6 yrs. auditing exp.; CMA or CPA; MBA a plus.	Well & Hurrell, Dept. 7085, 7100 Northbrook, Chicago, IL 60645, U.S.A.	L.A.T. 12-9-84
MARKETING MANAGER		Renault Packard (New Products).	Granville, France.	Proven ability; training backed by success; angl. exp.; Fr. exp.	Ref. 11.1387, Gaulois, B.P. 2233, 69212 Lyons Cedex 2, France.	L.A.T. 13-9-84
DIRECTOR	\$45K, \$45K + \$41470 (expenses)	Australian Film & Television School	Sydney, Australia	Investor with leadership qualities & initiative; major achievement in film & television industry.	The Chalmers, Australian Film & Television School, Box 521, G.P.O., Sydney N.S.W. 2001, Australia.	L.A.T. 13-9-84
MANAGERIAL POSITION		S.E.R. (Oil & Pulp Dept.).	Geneva	Int'l. exp. in this field; ranging from generalist & level of standard contracts; Fr., Eng.; 30- 40; Swiss nat. or parent.	Personnel Department, S.E.R., 1, Place des Alpes, CH-1201 Geneva.	L.A.T. 15-9-84

(Continued from Back Page)

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Tel. 0211/446468.

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Tel. 273947. Via Cards.

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Service. Tel. 069-55 2110.

FRANKFURT: & SUBSIDIARIES

NIKFURT GINA ESCORT SERVICE

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RIYADH — Saudi Arabian Industrial Industries Corp. is expected to spend 16 billion riyals (\$4.49 billion) in capital investments in downstream industries in its four-year plan starting in 1985, according to the company's annual report, released Sunday.

The report, which said that billion riyals had been invested in SABIC projects to date, said new projects would mainly be "second generation industries" such as plastics, to complement basic industries already under way.

SPORTS

McMillan's 2 TDs Power Colts Past Bills

Compiled by Our Staff From Dispatches

INDIANAPOLIS — Randy McMillan ran for a total of 114 yards and two second-half touchdowns in leading the Colts to a 31-17 National Football League victory over Buffalo here Sunday. Its rushing game ranked second in the league before Sunday's action. Indianapolis was held to 15 yards on the ground in the first half and trailed, 17-10, before McMillan's first TD.

Buffalo rookie Greg Bell, meanwhile, had rushed for 144 yards and 28 of 42 passes. He found Lin Dawson on a 2-yard scoring pass in the second period and broke the game open in the third period with TD passes of 4 yards to Bob Robinson and 43 yards to Stanley Morgan. Both clubs are 3-2.

Dolphins 36, Cardinals 28
In St. Louis, Dan Marino passed for 424 yards and three touchdowns as Miami won its fifth game without a loss, outscoring the Cardinals, 36-28. Marino, who completed 24 of 36 passes and ran his league-leading total of scoring strikes to 15, rattled a St. Louis depleted by injury, notably to starting left cornerback Anthony Washington and his replacement, Cedric Mack.

Breaking David Woodley's single-game record of 408 yards, Marino led Miami on scoring drives five of the six times they had the ball in the first half, twice countering quickly after Cardinal touchdowns with scores of his own.

Cardinal quarterback Neil Lomax, constantly trying to rally his team, completed 22 of 37 passes for 308 yards and one touchdown.

After two first-quarter field goals by Uwe Von Schamann, who had three on the day, Marino hit tight end Joe Rose on a 25-yard scoring pass early in the second period for a 12-0 lead. He also threw a 29-yard TD pass to Mark Clayton in the second period and a 22-yarder to Tony Nathan early in the fourth that opened up a 33-21 lead.

Seahawks 20, Vikings 12
In Minneapolis, Eric Lane rushed for 113 yards and a 40-yard touchdown, Dave Krieg threw a 20-yard TD pass to Steve Largent and the winners' defense forced three fumbles and tallied five sacks as Seattle topped Minnesota, 20-12.

Krieg completed 17 of 27 passes for 222 yards, including the TD

touchdowns with scores of his own. Cardinals quarterback Neil Lomax, constantly trying to rally his team, completed 22 of 37 passes for 308 yards and one touchdown.

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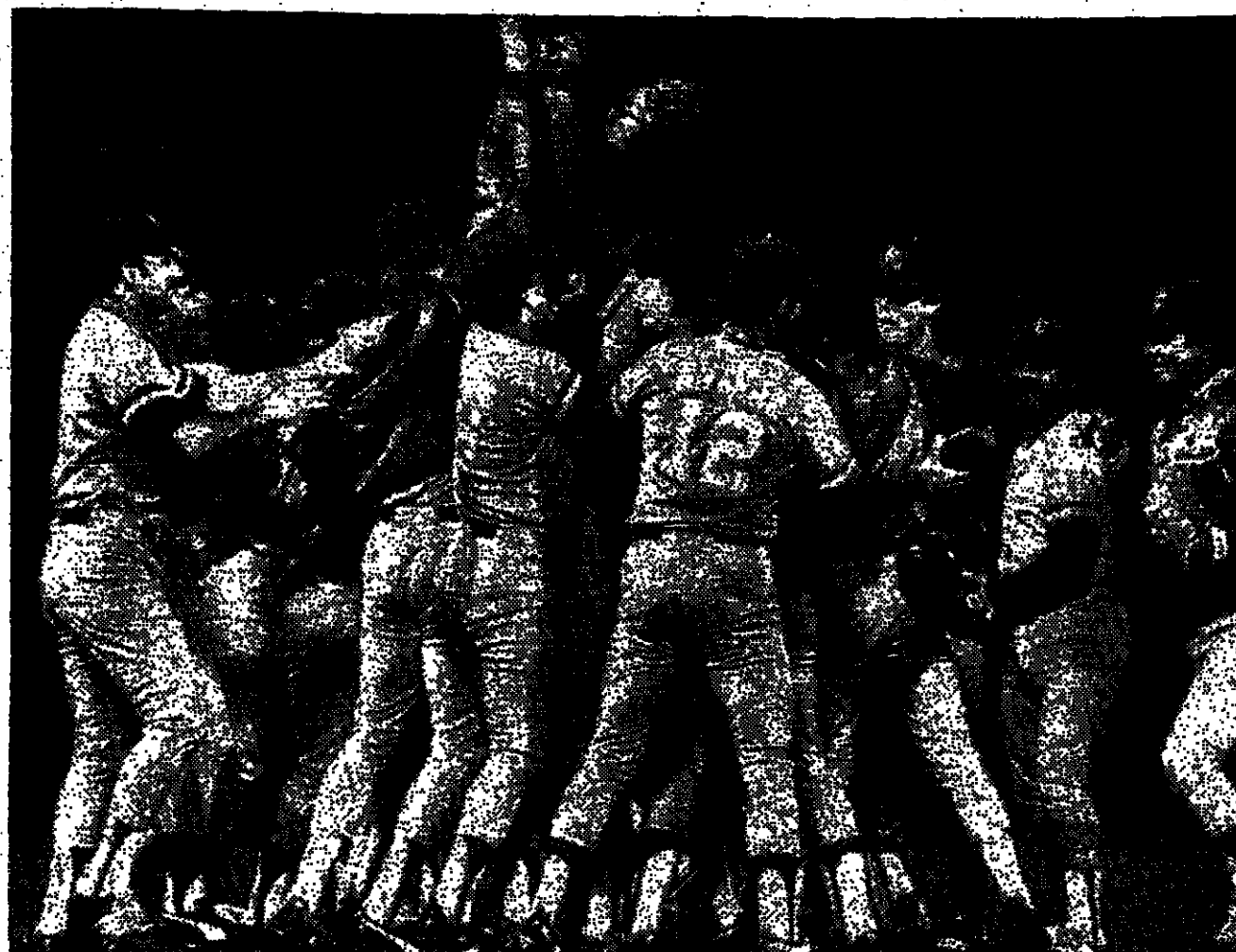
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Reliever Dan Quisenberry disappeared amid a horde of Kansas City teammates after getting the last out against Oakland.

Royals Clinch Pennant by Edging A's, 6-5

Compiled by Our Staff From Dispatches

OAKLAND, California — The Kansas City Royals defeated Oakland, 6-5, here Friday night to turn what was supposed to be a rebuilding year into a championship season by winning the American League's Western Division title.

Frank White drove in three runs with a home run, a triple and a single while George Brett delivered

"When you're 11 games under 500 at the All-Star break, you don't have faith in much of anything," White recalled in a celebratory clubhouse. "We've only been in the pennant race for three weeks, and every game was a big one. Before that, we were winning but we didn't realize how much."

Leibrandt (11-7) pitched five-hit ball for six innings and left because of a finger blister. He began the season in the minor leagues and was promoted to the Royals at the end of May. He joined a starting rotation comprising mostly young pitchers, such as Bud Black (17-12), who White named to start against the Tigers on Tuesday.

Indians 11, Twins 10
In Cleveland, Brett Butler's bases-loaded single drove in Pat Tabler with one out in the ninth to give the Indians an 11-10 verdict over the Twins, who squandered a 10-run lead. Cleveland came back on Joe Carter's two-run homer in the third, a seven-run sixth highlighted by Andre Thornton's three RBIs, and Carter's bases-empty home run in the eighth. Said Minnesota manager Billy Gardner: "First, that Jamie Quirk pinch hits a homer and we lose, 4-3 (Thursday night). Now it's people named Joe Carter and Brett Butler. They were all Babe Ruths to us."

Red Sox 5, Orioles 4
In Boston, Rich Gedman's sacrifice fly scored Mike Easler with the tie-breaking run in the eighth to give the Red Sox a 5-4 victory over Baltimore.

Brewers 4, Blue Jays 3
In Milwaukee, third baseman Kelly Gruber's throwing error with one out in the 11th inning enabled

Ed Romero to score from second base and give the Brewers a 4-3 victory over Toronto.

Rangers 4, Angels 1
In Arlington, Texas, Larry Parrish's two-run double in the seventh powered Texas to a 4-1 victory over California.

Tigers 4, Yankees 2
In New York, Lou Whitaker hit a two-run homer with one out in the 12th as Detroit downed the Yankees, 4-2.

Mariners 7, White Sox 1
In Seattle, Barry Bonnell and Dave Henderson drove in three runs apiece to lead the Mariners to a 7-1 victory over Chicago.

Cardinals 4, Cubs 1
In St. Louis, pinch hitter in Chicago, St. Louis beat the Cubs, 4-1, on a landmark performance by pitchers Bruce Sutter and Joaquin Andujar. Sutter worked the final inning of the 10-inning game to pick up his 45th save of the season, tying the major-league record set last season by Dan Quisenberry of Kansas City. Andujar (20-14) pitched the first nine innings, allowing two hits and one run, to become the first 20-game winner in the league. The Cubs' Rick Sutcliffe also has won 20, but four were pitched at Cleveland before he was traded to Chicago.

Expos 7, Mets 0
In Montreal, Joe Hesketh pitched a four-hitter for his first major-league complete game as the Expos trounced New York, 7-0.

Astros 6, Reds 3
In Cincinnati, Alan Ashby's two-run home run in the 10th boosted Houston over Cincinnati, 6-3.

Dodgers 4, Giants 3
In Los Angeles, pinch hitter R.J. Reynolds singled home Pedro Guerrero from third to cap a two-run eighth-inning rally that put the Dodgers past San Francisco, 4-3.

Padres 6, Braves 2
In Atlanta, Ed Whitson, Greg Harris and Andy Hawkins combined on a nine-inning lead to San Diego over the Braves, 6-2.

Indians 6, Twins 4
In Cleveland, pinch hitter Carmen Castillo broke a 3-3 tie with a bases-loaded walk, and Chris

SATURDAY BASEBALL
Bando followed with a two-run pinch single in the seventh to give the Indians a 6-4 triumph over Minnesota.

Orioles 6, Red Sox 3
In Boston, Ron Jackson had three hits, including two doubles, and two RBIs to make Mike Boddicker the league's only 20-game winner as Baltimore beat the Red Sox, 6-3.

Blue Jays 5, Brewers 4
In Milwaukee, Fred Manrique's two-out, ninth-inning infield single with the bases loaded scored Willie Upshaw, edging Milwaukee for the Blue Jays, 5-4.

A's 6, Royals 2
In Oakland, California, Chris Codiroli struck out three and

walked none in pitching his first complete game of the year as the A's downed Kansas City, 6-2. Since his recall from Tacoma of the Pacific Coast League on Sept. 1, right-hander Codiroli (6-4) has won five of six decisions.

Tigers 11, Yankees 3
In New York, Lance Parrish hit a two-run homer to cap a five-run sixth and lead Detroit to a team record 104th triumph, an 11-3 victory over the Yankees. The old mark of 103-59 was set in 1968. In the American League batting race, New York's Dave Winfield went 1-for-4 and is hitting .341. Teammate Don Mattingly went 0-for-3, falling to .339.

Angels 4, Rangers 0
In Arlington, Texas, Mike Brown drove in two runs with a single and a home run to help California beat Texas, 4-0. Geoff Zahn (13-10) pitched a three-hitter in recording his fifth shutout of the season and his ninth complete game.

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In Seattle, Harold Baines drove in two runs and Jerry Hairston scored three times to lead Chicago past the Mariners, 6-2. Hairston collected his 50th career pinch hit, tying him with Smokey Burgess for the White Sox record.

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FRIDAY BASEBALL

a homer and a sacrifice fly in helping the Royals to their fifth division title in nine years but their first since 1980. White and Brett are among the nine time players left from the last Kansas City title team.

The Royals will play the Detroit Tigers in a best-of-five playoff for the American League pennant, beginning Tuesday night in Kansas City.

Kansas City clinched a tie for the division title earlier in the night when Cleveland rallied from a 10-0 deficit to defeat Minnesota.

Onix Concepcion had three hits, and a couple of new Royals, Steve Balboni and Charlie Leibrandt, played major roles. Balboni's fourth-inning single stood up as the game-winning hit, and Leibrandt pitched the first six innings for his 11th victory since being recalled from the minors on May 29.

"We're not a great club, but we're a good, solid club, and we've proved we can win," said Dick Howser, the winning manager.

The Royals, a team shaken in the off-season when several players were jailed on drug convictions, were far back in the 1984 division race before catching fire.

